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NEWS SUMMARY

GENERAL

Mugabe orders jets against guerrillas

Zimbabwe Premier, Robert Mugabe, last night ordered the air force to strike against guerrillas loyal to his coalition partner Joshua Nkomo.

His move followed the deployment of white-led troops in Bulawayo's Entumbane township where over 80 people have died in five days of clashes between rival factions of the 11,000 strong national army. **Back Page**

Paisley suspended

Democratic Unionist leader Rev. Ian Paisley was suspended from the Commons for five days after calling Ulster Secretary Humphrey Atkins a liar. **Page 11**

Murder charges

Lorry driver Peter Sutcliffe, already accused of murdering a Leeds student, is to face another 12 charges of murder, Dewsbury magistrates were told.

Polish appeal

Polands new Premier Gen. Wojciech Jaruzelski appealed for a 90 day respite from strikes and warned he would act against unacceptable pressure. **Back Page**

Phone tap defeat

A clause restricting telephone tapping was passed in the committee stage of the British Telecommunication Bill despite Government opposition. **Page 11**

Libya arms talks

Libya is negotiating to buy £42m worth of British military equipment through a Greek construction company which says it will be used for firing ranges.

Funeral clash

About 1,000 Greek monarchists clashed with police and chanted slogans as ex-Queen Frederika was buried at the royal family's summer residence.

Director accused

Alan George Watts, assistant managing director of the Coral casinos group, was accused in a London court of 40 charges of theft, deception and forgery.

Record fire costs

Fire damage costs in Britain last year soared to a record £469.3m—one third up on 1979—according to the British Insurance Association. **Page 9**

Scientist's suicide

Franz Sondheimer, one of Britain's top organic chemists, was found dead at his desk in Stanford University, California. He had taken cyanide.

Corsica bombings

About 40 bombs exploded in Government offices and banks in Corsica after a Paris court sentenced 14 nationalists to jail terms of up to four years.

Radar inquiry

The 30-minute radar blackout at the West Drayton air traffic control centre is thought to have been caused by a fire in an electrical circuit. **Page 9**

Jackpot raised

Fruit machines in Britain's pubs will pay a £2 jackpot from Monday, the Home Secretary told the Commons. The present top payout is £1.

Briefly . . .

First £5 coin to be circulated in Britain will be released in the Isle of Man next week.

Britain was declared a poverty action area by the charity War on Want.

West German fishermen blocked the Elbe River in protest at mercury poisoning.

BUSINESS

Gold off by $14; equities advance

● **DOLLAR** rose sharply against European currencies, finishing at DM 2.1860 (DM 2.1490), FFr 5.04 (FFr 4.9525) and L 1032 (L 1016.75). Its trade-weighted index rose to 100.3 (99.4). **Page 26**

● **STERLING** fell 2.15 cents on the day to $2.3160, but strengthened against European currencies. Its trade-weighted index rose to 104.3 (104.2). **Page 26**

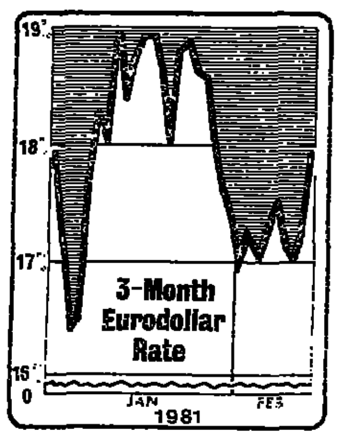
● **GOLD** finished very weak, down $14 to $486.5. **Page 26**

● **EQUITIES** resumed their advance on hopes of a mildly reflationary Budget and tax concessions to industry The FT 30-share index gained 3.7 to 490.0. **Page 30**

● **GILTS** stalled. The Government Securities index was 0.03 down to 69.07. **Page 30**

● **WALL STREET** was down 5.20 to 937.29 near the close. **Page 28**

● **EURO-DOLLAR** rates were firmer yesterday. The three-



month rate rose 17¹³⁄₁₆ per cent (17¼).

● **ARGENTINA's** foreign reserves fell $270m on Wednesday, the largest loss they have suffered in a single day since 1975. Total loss for the first three days of the week came to $650m.

● **BRAZIL**, with the largest foreign currency debt in the world, is having to pay high rates of interests for loans raised in the Euromarkets. **Back Page**

● **UK PLASTICS** processing companies fear that up to 400 concerns may be forced to shut down within the next few months. **Page 9**

● **GOVERNMENT'S** manner of relating to industry was attacked by Alan Lord, a former top civil servant now managing director of Dunlop Holdings. **Page 8**

● **TALBOT UK's** 4,800 Linwood car plant workers voted to support their shop stewards' plan to try to save the factory from closure. **Back Page**

● **BL's** 20,000 white collar workers plan to impose sanctions against the company's decision to press ahead with redundancies. **Page 10**

● **BNOC**, the state oil undertaking, expects to expand its staff by about 2,000 in the next decade. **Page 9**

● **SAINT - GOBAIN** - Pont-a-Mousson has built up its shareholding in Olivetti of Italy to 30 per cent. **Page 25**

● **DOWTY**, the aerospace, defence and mining group, reported taxable profits for the six months to end September up £1.66m to £19.05m. **Page 21; Lex, Back Page**

● **IMPERIAL GROUP** reported pre-tax profits for the year to end October down from £142.29m to £126.89m. **Page 20; Lex, Back Page**

● **SCOTTISH AGRICULTURAL** Industries reported pre-tax profits for the year to end December down from £5.7m to £4.45m. **Page 20**

Murdoch accord with Times unions opens door for purchase today

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. RUPERT MURDOCH yesterday signed agreements with the unions at Times Newspapers which will clear the way for his News International corporation to buy the five titles.

Final agreements, which depend on legal and accounting technicalities, will be signed between Mr. Murdoch and the present owner, International Thomson, today. Mr. Murdoch will then control nearly 30 per cent (by circulation) of the UK daily and Sunday newspaper markets.

The acquisition will substantially increase the size and prestige of News International.

He and the union leaders paid fulsome tributes to each other at the end of three weeks of negotiations. These have resulted in agreement on:

● the loss of 563 full-time and 100 part-time jobs or job vacancies from a total complement of 4,200;

● the move of the printing operation of the Times supplements to a provincial printing plant, possibly Mr. Murdoch's subsidiary Berrows, in Worcester;

● a three-month pay freeze, accepted by most unions, to run from October to the end of this year;

● a disputes clause, expected to be adopted as standard for all national newspapers, which will refer unofficial disputes through an ascending scale of negotiation and arbitration while production continues.

Mr. Murdoch said the agreements gave Times Newspapers a strong basis from which the titles could "serve this country better than ever."

A new top management team will immediately replace the Thomson-appointed executives. The managing director will be Mr. Gerald Long, presently chief executive of Reuters and a close friend of Mr. Murdoch. Mr. Bill O'Neill and Mr. John Collier, who led the negotiations during the past weeks and who are both industrial relations executives for News International, become joint general managers.

Consultations between Mr. Murdoch and the national directors of Times Newspapers on a new editor for The Times are under way. Mr. William Rees-Mogg, the editor for the past 14 years, has said he will leave when a replacement is found.

Some union officials objected when Mr. Murdoch claimed during yesterday's Press conference that he had signed agreements with all unions covering all 54 chapels (union branches). It appears that negotiations will continue with chapels in the machine rooms.

Murdoch held to qualified victory, Page 8

Mine leader's threaten strike over closures

BY CHRISTIAN TYLER, LABOUR EDITOR

MINERS' LEADERS yesterday threatened to touch off a national revolt against unemployment which could draw other unions into their campaign to reverse the Government's policy towards the coal industry.

The national executive of the National Union of Mineworkers decided unanimously to recommend an all-out strike in a ballot of the union's members if the Coal Board tries to carry out its plans to close pits and shed jobs to cut capacity by 10 per cent.

The decision, which came on the eve of the first coalfield meetings to disclose which pits are due to shut, is the most direct challenge from a trade union to Mrs. Thatcher's Government since it took office nearly two years ago.

NUM officials warned that industrial action could start spontaneously within days of the board's plans being spelled out in vulnerable areas such as South Wales and Scotland. South Wales has contingency plans for a walk-out a week on Monday.

Support from the big Left-wing Yorkshire area could follow quickly, even though Yorkshire itself is little affected by the planned cuts.

Last night efforts were being made to set up a meeting between Ministers, the Coal Board and the three mining unions.

The NUM is likely to demand—with little expectation of success—a block on the 8m tonnes of coal imports, a stockpiling subsidy, reinstatement of the original investment programme Plan for Coal, and price subsidies as large as those enjoyed by European coal producers.

The board will probably ask for an increase in social grants to boost the amount of money they can offer to redundant miners. Some NUM leaders yesterday argued against being involved in such a meeting for this reason.

Senior board officials appeared to be playing down the threat last night, expressing relief that the miners had agreed to turn up to the area meetings to hear the details.

Between 20 and 50 pits may be earmarked for closure, at a cost of between 25,000 and 30,000 jobs. But the board said: "A lot of the speculation will prove to have been exaggerated."

The NUM decision was seen as a pre-emptive bid directed more at the Government than at the Coal Board.

The details no longer matter to the NUM's leading Left-

Continued on Back Page

Militants stoke feelings, Page 10

Germans call for action on interest

By Jonathan Carr in Bonn

A CO-ORDINATED international move to reduce interest rates and boost prospects for economic growth has been urged by Herr Hans Matthoefer, the West German Finance Minister.

In a remark believed to be directed at the U.S. in particular, Herr Matthoefer called for efforts to avoid "excessive interest rate fluctuation in individual countries."

Although Herr Matthoefer stressed the importance of fighting inflation, his remarks in a speech last night in Dusseldorf, were seen as marking a change of emphasis in Bonn's international financial policy.

For years the West Germans have urged strenuous efforts towards economic stability in partner countries and underlined the world economic summit communique of 1977 which said inflation "is no cure for unemployment—but one of its main causes."

However, last night Herr Matthoefer said a stability policy which relied too one-sidedly on high interest rates could bring "negative growth and employment policy side-effects."

The minister suggested that there was a world wide tendency towards competitive (upward) revaluation of currencies, in which international interest rate policy played a role.

Such a competition, which no longer laid the basis for growth, but instead reduced markets and cut job prospects "was certainly no sensible strategy." He noted that while the U.S., Britain and France all had high interest rates, their inflation and unemployment rates were also high.

Herr Matthoefer's remarks were stimulated by West Ger-

Continued on Back Page
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Currencies, Page 26

$ at three-year high on DM

BY KEVIN DONE IN FRANKFURT AND DAVID MARSH IN LONDON

THE DOLLAR soared yesterday to its highest level for more than three years against the rapidly declining Deutsche Mark. This was amid a fresh surge of international funds out of European currencies in pursuit of high U.S. interest rates.

Sterling lost 2.15 cents to close in London at $2.3160, but was firm against the other EEC currencies. These all fell sharply against the rampant dollar.

European central banks intervened to try to brake the dollar's rise, which was large even by the standards of the past few weeks of foreign exchange turbulence.

But in a sharp policy about-turn since the end of last week the Bundesbank, the West German central bank, has intervened only to a limited extent to halt the decline of its embattled currency this week. It made no public effort to support the Deutsche Mark at the mid-session fixing in Frankfurt yesterday.

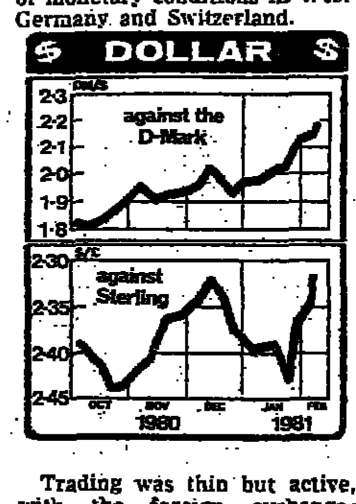
The dollar climbed to DM 2.1860, at the finish in London, nearly 4 pfennigs up from Wednesday's DM 2.1490 and the highest since December, 1977.

It also rose sharply against the Swiss franc, closing at SwFr 1.9950 against 1.9540, reached a record closing rate against the Italian lira at L1,032 (L1,016.75) and reached a four-year high against the French franc at FFr 5.04 (FFr 4.9525).

The gold price also plunged, closing in London at $486.50 per ounce, down $14 from Wednesday, and the lowest since the end of March last year.

The dollar benefited yesterday from firmer interest rates on the Eurodollar market, where the three-month rate closed at 17¹³⁄₁₆ per cent, up sharply from 17¼ per cent on Wednesday.

But interest rates for Euro D-Marks and Euro Swiss francs were also higher yesterday following the recent tightening of monetary conditions in West Germany and Switzerland.



Trading was thin but active, with the foreign exchanges depleted yesterday by the holiday closure of New York. The main factor driving up the dollar remains the prospect of continued tight money in the U.S., together with a surge in political confidence in the new U.S. Administration.

There have been no signs of co-ordinated intervention to support the D-Mark against the dollar following this week's central bankers' meeting in Basle. Both the D-Mark and the Belgian franc however again required intervention support within the European Monetary System to prevent the currencies falling through their lowest permitted limits against the French franc, which—although sharply weaker against the dollar and sterling—is the strongest EMS member.

Dealers on the Frankfurt foreign exchanges are becoming increasingly convinced that the Bundesbank will be forced to act next week to raise the key centrally-administered interest rates, the discount and Lombard rates. These are at present 7.5 per cent and 9 per cent respectively.

Some sections of the market had expected action after last week's meeting of the bank's central council.

British Telecom seeking to raise £360m in bonds

BY JASON CRISP

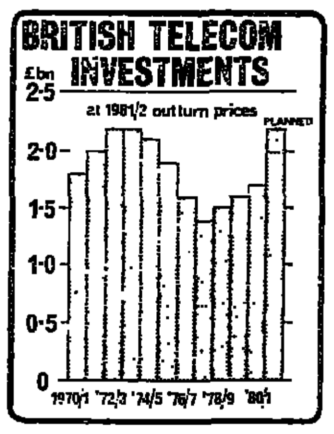
BRITISH TELECOM is seeking Government approval to raise £360m from private investors by the issue of Telecom bonds with a return linked to the corporation's performance.

The proposed bonds would offer a return based on British Telecom's turnover. But for the scheme to go ahead, the Treasury would have to accept that the Government would not interfere with British Telecom's pricing.

For a number of years, the Government has intervened in telecommunications pricing, including a lengthy freeze on telephone charges, which contributed considerably to its present-day financial troubles.

Although the Treasury is still thought to be arguing that the bonds must be counted as part of the Public Sector Borrowing Requirement, it is coming under pressure to revise its view.

British Telecom and the Department of Industry argue that although the capital element of the bond would have to be effectively guaranteed by Government, the private investor would also face a risk on the bond's return.



Discussions between the Department of Industry and the Treasury have become increasingly intense as Budget day approaches when it is hoped to make an announcement.

Plans are at an advanced stage for the bond although there are other options still under consideration for raising the investment finance including joint ventures, forward selling of services and sale and lease-back of property.

Of all the nationalised industries, British Telecom is seen as having a special investment case as it is widely recognised in government that there is an urgent need to modernise the telephone network.

The fast-growing new information technology industries — strongly favoured by the Prime Minister and Sir Keith Joseph — are very dependent on a modern efficient telecommunications network.

Although the bonds might still be geared to profitability, they are more likely to be related to turnover. British Telecom, which wants to increase the investment programme by at least £200m a year, would wish to return to the market with further issues in later years.

Telecom leads the way, Page 18

£106m bid for UDT dropped

BY TIM DICKSON AND JOHN MOORE

LLOYDS AND Scottish, the finance group whose major shareholders are Lloyds Bank and the Royal Bank of Scotland, has abandoned a £106m bid for United Dominions Trust, the once troubled finance house.

The move follows a £110m counter-bid for UDT by the Trustee Savings Bank.

The directors of Lloyds and Scottish said yesterday they had considered carefully "the possibility of a renewed approach to the board of United Dominions Trust with a view to making an offer for the whole of the share capital of UDT.

"They have concluded that it would not be in the interests of the shareholders of Lloyds and Scottish to propose a price higher than the 55p per share indicated on January 15."

Mr. George Duncan, chairman of Lloyds and Scottish, said yesterday: "The TSB may have a very deep purse. We are not interested in getting into an auction."

Lloyds and Scottish took its decision after a board meeting following the group's annual general meeting on Wednesday.

For each UDT share Lloyds and Scottish was offering 43.36p in cash with the balance made up of a proportion of its own shares.

TSB topped that offer with a 57p per share cash bid at the end of January.

The decision by Lloyd's and Scottish almost certainly leaves TSB the winner. Although TSB's cash bid is currently being reviewed by the Office of Fair Trading, this is thought to be little more than a formality.

TSB's original plan was to take over 75 per cent of the hire purchase side of UDT and hive off other activities into a new company. If its present full bid succeeds, it is likely that the other interests will be sold in due course.

Mr. Tom Bryans, TSB's chief general manager, indicated last night that approaches for these had been received, notably for the International Commodities Clearing House.

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Aquascutum A	36	+ 3
Avana	219	+ 8
Booker McConnell	60	+ 5
Brown and Tawse	108	+ 6
Common Brothers	310	+ 18
Crest Nicholson	142	+ 8
Dowty	214	+ 21
Expanded Metal	55	+ 7
Fisons	133	+ 5
Fothergill Harvey	121	+ 14
GEC	645	+ 10
Greycoat Estates	194	+ 8
Kleinwort Benson	252	+ 8
Lloyds and Scottish	158	— 11
MEPC	240	+ 5
Ml. Holdings	265	+ 7
Metal Box	186	+ 6
Midland Bank	340	+ 10
Olives Paper Mill	27	+ 3
Pegler-Hattersley	150	+ 6
Pratt (F.)	90	+ 20
Robertson Foods	160	+ 8
Seaview Hotels	197	+ 19
Textured Jersey	82	+ 7
Unitech	242	+ 14
W'minster Country	60	+ 3
CCP North Sea	305	+ 25
LASMO	665	+ 18
Castlefield (Klang)	480	+ 20
Guthrie	725	+ 60
FALLS		
Cook (Wm.) (Shfd.)	10	— 3
London Sumatra	340	— 40
CRA	232	— 10
Minorco	610	— 30
Poseidon	224	— 7
Rustenburg Plat	224	— 12

CONTENTS

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EUROPEAN NEWS

Roger Boyes reports from Bonn on the Social Democrat Party's efforts to find a new sense of direction

W. Germany's ruling party faces left-wing crisis

THE MALAISE currently afflicting West Germany's Social Democrat Party (SPD) defies even the most comprehensive textbook of political medicine. While the opposition is suffering from a conventional enough bout of sleeping sickness, the Social Democrats are in the grips of a mysterious fever. Symptoms: loss of direction, self-laceration and serious identity problems.

This week, Herr Willy Brandt, the Party Chairman, provided it with a five-point programme which, though intended as a panacea, can do little more than act as a mustard bath, lowering the temperature but leaving the problems intact.

The programme encompasses the major areas of dispute within the party—employment, industrial democracy, nuclear policy, theatre nuclear weapons, *development aid, arms exports,* the relationship between the SPD and its coalition partner, the Free Democrat Party (FDP), and the future social reforms of the party.

This implied catalogue of disagreement between Chancellor Helmut Schmidt's Government *and some of the rank-and-file of* his own party shows how broad the gulf has become between the leaders and the led. Since the SPD-FDP coalition was re-elected five months ago, the opposition has had no need to function. The sharpest attacks and the most trenchant broad*sides have come at* three levels: between the Free Democrats and th Left of the SPD, between the Social Democrat Party leadership and the Left and between the central party managers in Bonn and the Left-inclined Regional SPD Associations.

Who are these Left-wingers? *Do they really represent a threat* to Chancellor Schmidt's Government? Has West German social democracy—echoing the British experience — reached some kind of turning point?

The immediate source of the Left's noisy disillusionment has two main roots. In the first place, the October elections victory was a mixed blessing for the Social Democrats: while it brought the coalition an enviable 45-seat majority, all the gains were made by the smaller Free Democratic Party.

But the October elections also brough an influx of new Left-wing parlamentarians, mainly young and with no immediate prospect of office, who want to make a name for themselves *without,* if possible, overly damaging their careers under Chancellor Schmidt's successor. With a 45-seat majority for the coalition, the new Left-wingers can threaten revolt, knowing full well that it will not necessarily overturn the Government.

The other principal factor behind the current turmoil is the feeling that international events have robbed the SPD of *some of its key tenets. The inva*sion of Afghanistan and the tension in Poland, for example, has brought Ostpolitik—Bonn's conciliatory policy towards Eastern Europe—to a standstill. Worse, the new Reagan Administration is expected to lead to greater emphasis on strengthening defence, which is anathema to *the Left. The weakening West* German economy has also undermined any comprehensive attempt at social reform.

The party's present problems are due to far more than simply changed circumstances and can in fact be traced back to the very nature of the Left-wing. Within that ill-labelled faction there are at least four different, sometimes overlapping and sometimes feuding strands.

There are the traditional union-based Left wingers, many of them drawn from the industrial Ruhr (for example, Dr. Ulrich Steger) who tend to react especially strongly to major changes in the industrial democracy laws but none the less often support the Chancellor's foreign policies. But *while this group is generally* pro-nuclear (and in favour of anti-unemployment measures) they sometimes find themselves in alliance with *another form of* Left winger, the "ecologist" or "green" wing.

The "ecologists" include *many new boys in the Bundes*tag, including Herr Freimut Duve, whose philosophy loosely comprises zero economic growth —this wish has already been granted—no nuclear energy, and the dissolution of the Western alliance systems.

There is also a wing best described as the classical ideologists (again mainly young, including such members as Frau Heidi Simonis) who have not quite reconciled themselves to the 1959 Godesberg Programme which converted the SPD from a workers' party with a sprinkling of near-*Marxist beliefs to a catch-all,* ready-for-government party.

The fourth strand within the Left wing is made up of pragmatists, many of them formerly stars in the youth wing of the party, who are now edging towards the Centre so that they *can ultimately be considered for* office.

This diversity on the Left has meant that the main function of Party managers—Herr Herbert Wehner, the Floor Leader (and Whip) and Herr Brandt—has become to secure a coalition of *forces within the* Party enabling the Government to carry out what it wants to do.

This should theoretically be an integrating task, pulling together the troops and showing *them the way forward. In fact,* two things have generally tended to happen: either the Party managers have had to *resort to a divide-and-rule* policy playing off one group against another; or, they have managed to patch up amongst all sections of the party a compromise which is ungainly and ultimately unworkable.

Two examples, crucial for West *Germany's international* standing and economic health, can be outlined:

Nuclear missiles: at the SPD *Party Conference* in Berlin in December 1979, the Government was only able to persuade the Party to accept the stationing of new U.S. missiles in Germany by means of an ambiguous resolution. This gave priority to arms control talks in the period up to 1983 when the new Pershing missiles would be ready to be stationed.

The Left wing is now saying that the missile decision has to be reviewed because talks have not begun in earnest and because SALT II appears to be doomed. The SPD has thus pre-programmed a major confrontation before 1983.

Nuclear energy: the Hamburg Senate, under pressure from the Hamburg SPD (which had voted against participation in the Brokdorf nuclear power plant) this week reached a compromise that again pre-programmes a major confrontation before 1983. Building work on the Brokdorf plant is to be delayed for three years—a considerable blow for the Chancellor who *wants to push ahead with an* atomic energy programme and reduce West Germany's costly dependence on oil imports.

*The message is that the man*agement of the Party has gone badly *awry:* the SPD needs more than simple survival compromises. The links between Bonn and the provinces have to be strengthened, the Parliamentary Left has to be given a sense that it is involved more closely *in the governing process,* the Party has to discover a reforming mission (despite all the economic constraints and the dampening effect of the coalition partner).

The problem is that the men currently running the Party (rather than the Government) have not adjusted quickly enough to change. The SPD has been in power for over 15 years. That requires a different attitude towards renewal and regeneration than in the early 1970s.

In the SPD's Region Associations, some Party members seem genuinely to believe that renewal will only come about through a period of opposition. Herr Brandt and Herr Wehner, who lived through *over a decade* of opposition, reject that view. The trouble is, they do not have a better idea.

U.S. pressed over arms talks

BY JONATHAN CARR IN BONN

IN THE first official sign in Bonn *of discontent with the* new U.S. administration, the ruling Social Democrat party (SPD) has urged Washington not to relax pressure for arms negotiations with the Soviet Union.

The warning comes as the party is struggling to overcome serious internal differences—not least over East-West relations — which threaten Chancellor Helmut *Schmidt's coalition.*

An SPD statement yesterday said that if the U.S. did not press on with arms talks, this would put in question NATO's decision to station new nuclear missiles in Western Europe while offering negotiations to the Russians.

It was the policy of the Bonn Government and the party to try to ensure that both parts of the decision were *fulfilled,* it stressed. However, recent reported remarks by Mr. Caspar Weinberger, U.S. Defence Secretary, indicated that Washington felt negotiations were not desirable at present.

The statement is seen as of special signficance since it was issued by Dr. Peter Corterier, chairman of the SPD parliamentary group's committee on foreign and *defence matters, who is not on* the party's left wing, which often criticises U.S. policies towards the East. He is a frequent visitor to Washington and generally reflects the Chancellor's view.

Privately, Bonn officials have already expressed disquiet over Mr. Weinberger's statements about the possibility of stationing the neutron weapon in Western Europe, a highly controver*sial issue within the SPD in* particular.

The fear is not so much that Mr. Weinberger may be reflecting President Ronald Reagan's views as that Bonn and its allies may be faced with a confusion or rivalry of policy in Washington such as existed during the Carter administration.

Mr. Weinberger's remarks could hardly come at a worse *moment for Herr Schmidt* who is struggling against an increasingly recalcitrant minority of his party in both *foreign* and domestic affairs.

At an emotionally-charged meeting of the SPD leadership, which ended in the early hours of yesterday morning, broad approval was reached on a five-point programme, presented by Herr Willy Brandt, the party chairman,

Herr Brandt: his programme adopted with abstentions.

to help repair party divisions.

One point specifically recalls that the party agreed to support the NATO decision only so long as negotiations with Moscow went ahead. Others seek to bridge party differences on matters as diverse as atomic power and weapons exports.

The programme was passed by the executive committee with five abstentions, an indication that while dissension has been stilled, clear differences remain.

Vogel in bid for W. Berlin votes

By Leslie Colitt in Berlin

WEST BERLIN'S new Governing Mayor, Dr. Hans-Jochen Vogel, has unveiled a plan to end prestige projects and concentrate on direct benefits for West Berliners in what may be the last chance for the Social Democrats to *retain power in the city.*

The new Governing Mayor was delegated to Berlin by the SPD, after a financial scandal brought down the Government of Herr Dietrich Stobbe. Elections have been set for May 10, and Dr. Vogel has *until then to revive the party's* fortunes.

West Berlin's fall to the Christian Democrats would be *a severe blow* to the SPD-FDP coalition in Bonn, which is showing signs of strains. The SPD's own unity has been shaken by a battle between the party leadership and its left wing.

Dr. Vogel said a 10 km stretch of planned inner city autobahn will be scrapped and rent controls for old apartments will be extended to 1990 instead of being lifted in 1983. Both plans brought strong protests from citizens' groups which have entered the election race and could take 10 per cent of the vote, mainly from the SPD.

Dr. Vogel said a DM 1bn (£200m) building exhibition planned for 1984 will be postponed for two years and attention will be given to inner-city districts. The SPD ran into trouble recently when squatters, occupying empty tenament buildings, fought pitched battles with police.

D-Mark continues to lose ground

BY KEVIN DONE IN FRANKFURT

THE D-MARK lost 13.5 per cent of its value against sterling, 15.5 per cent against the dollar, and almost 19 per cent against *the Japanese yen in the four* months from the end of September, according to the Bundesbank's latest report, released yesterday.

It shows that up to the end of last year the state of the West German deficit the current account of the balance of payments was still worsening quarter by quarter. On a seasonally-adjusted basis, the deficit in the last quarter *reached DM 8bn compared with* DM 7bn in the previous three months.

The chief reason for the further deterioration in the current account deficit was a further drop in West Germany's trade surplus. The volume of exports in the last quarter, says the report, showed hardly any change, seasonally adjusted *to the previous quarter in 1980* or to the corresponding quarter of 1979.

In terms of value, exports to *the strongly expanding markets* of the oil-exporting countries are growing faster than the average export level, but West Germany is not doing enough to hold its share of these markets, says the Bundesbank, losing out particularly to Japan

At the same time, increasing oil prices and the weakening of the D-Mark have helped ensure that imports, seasonally adjusted, increased by 2 per cent in value from the third to fourth quarters, and by 9 per cent compared with the fourth quarter of 1979.

Adding to disquiet, imports from several industrial countries were also up strongly in the final quarter with an increase of 40 per cent in Japanese imports—chiefly cars, electrical *goods and machines* compared with the last quarter of 1979.

The Bundesbank stresses that there is no room for relaxation of monetary policy—calls from several quarters such as the trades' unions and some of the economics institutes have come in recent days—because of the weaker domestic economy.

Any attempt to bring interest rates down would only have increased the flows of capital out of the country and would have led to renewed expecta*tions of interest rate increases.*

Any relaxation of monetary policy could also encourage further inflation, says the Bundesbank, *which* would unfavourably influence the current round of national wage bargaining.

Following the Deutsche Mark's plunge again on the foreign exchange markets yesterday there was no official intervention by the Bundesbank.

Dealers on the Frankfurt foreign exchanges are increasingly convinced it will be forced to act next week to raise the key centrally-administered interest rates, the Lombard and discount rates, which stand at 9 per cent and 7.5 per cent respectively.

SOARING ENERGY AND RAW MATERIALS COSTS HIT INDUSTRY HARD

Bleak outlook for West German chemicals

BY KEVIN DONE IN FRANKFURT

BURDENED BY rising energy and raw materials costs, the West Germany chemicals industry, the world's largest chemicals exporter, is gloomy about its prospects for 1981. *After suffering a fall of 4 per* cent in production in 1980 it expects this year barely to outperform the general economy which has gone firmly into recession.

The chemicals sector is still expecting capital expenditure to come close to last year's *total of some DM 7bn, com*pared with DM 6bn in 1979. But Dr. Karl Wamsler, president of the industry's federation, has warned that investment could start falling in 1982 without a clear improvement in fortunes.

With a workforce of some 551,000 the industry added marginally to employment last year, but low production levels mean that around 11,000 chemicals workers are now on short-time working. Like many sectors of West German industry, however, it is short of skilled workers.

Last year saw a nominal increase in sales of some 5 per *cent to DM 108bn, but this was* solely due to price increases, which passed on in part the higher costs of energy and raw materials.

The West German chemicals manufacturing price index rose by 8 per cent last year, but this fell well behind the increase in *energy and raw materials costs.* Company profit margins have been squeezed as a result and BASF, the largest West German chemicals company, has already warned it may have to cut its 1980 dividend.

Profitability has also dropped as a result of falling production levels over the past 12 months which has reduced many plants to working far below capacity. After strong growth in the first quarter of 1980, output fell steadily from April last year.

The main drop has come in organic chemicals, where output was down last year by around 11.7 per cent, and production of ethylene. This is the most im*portant basic petrochemical* used in a wide range of products including plastics, fibres and paints. Output dropped by 13.1 per cent in the first 11 months of 1980 to 2.8m tonnes compared with 3.2m tonnes in the same period of 1979.

Products in areas that are not *affected so immediately* by the trade cycle, such as crop protection chemicals and fertilisers, and consumer products were not as hard hit by the recession in the industry last year, and some managed marginal growth.

Exports also fell back progressively. But as a result of the strong performance in the first quarter, exports for 1980 were 7 per cent up to DM 47bn. Imports rose by 10 per cent to DM 26.5bn.

Further increases in energy and feedstock costs in the first quarter of this year are likely to add at least DM 1bn-DM 1.5bn to the industry's costs over the next 12 months. The weak *D-mark is also raising oil-based* feedstock costs and contract prices for naphtha, the raw material for ethylene, have risen to more than DM 700 per tonne in the first quarter of 1981. This is an increase of some 25 per cent over the last quarter of 1980.

The price of natural gas, a feedstock for products such as ammonia and nitrogen fertilisers, also rose by some 50 per cent in 1980. Power prices rose by around 12 per cent.

The industry feels itself seriously disadvantaged by the lower electricity costs fo rival companies in France where power prices are claimed to be around 25 per cent below West German levels.

MEPs look to extend their role

By Walter Ellis in Luxembourg

AN IMPORTANT change in EEC legislative procedures is being pressed by Christian Democratic members of the European Parliament, which would lead to MEPs putting forward regulations and statutes of their own.

Under the plan, the assembly would gain the right to amend Commission proposals before they were presented to *the Council of Ministers.*

Parliament is normally consulted only when Ministers have already considered the *Commission draft, and the* degree of subsequent flexibility is extremely limited.

MEPs now wish to be brought into the procedure at an early stage so that, where they disagree with the Commission, they can suggest changes to its proposals and produce draft legislation of their own.

The Commission has agreed to consider how best it can work with Parliament in future, and proposals are expected in October.

M. Gaston Thorn, Commission president, told Parliament on Wednesday he wanted the two institutions to function as allies in securing change. He exhorted MEPs "to support the Commission in the exercise of its role as initiators of proposals in the Community interest."

However, he can be expected to show caution before embrac*ing an idea which could bring* about some dilution of his own authority.

During yesterday's session, Parliament again demonstrated its assertiveness by withholding from M. Thorn its full expression of confidence in his programme for the next four years.

It has demanded mone detail and complained that an outline work programme was not distributed to MEPs.

European bank asks for more EEC equity

BY JOHN WYLES IN LUXEMBOURG

THE EUROPEAN Investment Bank is set to ask EEC member governments for a significant increase in subscribed capital, following a huge growth in its *lending over the last* three years.

Responding to growing demands for funds to assist projects in the EEC's backward regions and for energy saving and development schemes, the Bank has emerged as one of the largest single borrowers on world capital markets.

But regulations limit its outstanding loans and guarantees to two and a-half times its subscribed capital of £3.6bn (7.2bn European Units of Account). Bank officials revealed here yesterday that, with its outstanding loans totaling £7.26bn (13.2bn EUA) at the end of last year, the EIB looks likely to hit its ceiling some time in the first half of 1982.

A final *decision about sub*scribing new capital should be taken by EEC Finance Ministers meeting as the EIB's Board of Governors in June.

Although it was created in 1958, half of the EIB's lending has taken place in the last three years. Total lending last year of £1.6bn (2.95bn EUA) was, after adjusting for inflation, about the same s in 1979.

Reflecting the Bank's priorities for encouraging regional development and industrial modernisation, some 80 per cent of the *loans* went to the Community's three poorest members (before the accession of Greece last month)—the UK, Italy and Ireland.

The Bank said yesterday that its financing went towards fixed investment worth £4.78bn. Loans to industry accounted for 20 per cent of total financing and transport and communications a further 20 per cent. Energy projects took 40 per cent, and they should, when completed, replace 12m tonnes of imported oil per year, says the Bank.

Officials were particularly satisfied with a virtual doubling of so-called "global loans." These are available for small and medium-sized companies employing up to 500 workers in development areas.

Last year the bank borrowed a total of £1.36bn (2.466bn *EUA) of which £830m was* raised in public issues. Unusually, the Deutschemark overtook the dollar as the EIB's main borrowing currency. Some 33.5 per cent of its borrowings were in Deutschemarks, 27.8 per cent in U.S. dollars, 11.5 per cent in Swiss francs, 9.2 per cent in Dutch guilders, 6.8 per cent in Japanese yen, and 5.5 per cent in French francs. Smaller quantities were also borrowed in Luxembourg francs, sterling and lire.

New Swedish Minister

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN has appointed a junior Minister to be responsible for small businesses. He is Mr Rolf Andersson, a centre party *MP, who has been* chairman of his local regional development fund.

Mr. Nils Aasling, the Industry Minister, said companies with less than 200 employees provided a third of the jobs in Swedish industry and had a decisive influence on its tech*nical development and renewal.*

Mr. Andersson will head a team which is to submit a small business Bill to the Riksdag (parliament) next year.

E. German and Soviet troops hold manoeuvres

By Our Berlin Correspondent

SOVIET and East German armies have staged joint manoeuvres in East Germany, increasing pressure on the new Polish leadership to take firm steps against members of the Solidarity union, regarded as "anti-Socialist."

Armoured units, artillery, tanks and missile units took part, supported by the latest Soviet-built jet fighters.

ADN, the East German *news agency, said the troops* of a 380,000-man Soviet army in East Germany and the East German Volksarmee held exercises in the southern part of the country but did not specify where.

Generals in charge are reported to have thanked the troops for their miliary prowess in "the defence of socialism." They said the joint military exercise was an *appropriate reply to* "imperiliast circles" which were trying to "roll back Socialism."

This was a pointed reference to the Solidarity union movement which, Moscow and East Berlin claim, is attempting to eliminate Socialism in Poland, *with the help of the* West.

East Germany yesterday warmly welcomed the appointment of Gen. Wojciech Jaruzelski as Prime Minister of Poland and indicated that it expects him to "defend Socialism" by moving against *the trades union movement.*

Together with the Soviet Union and Czechoslovakia, it has been highly critical of the Polish leadership's reluctance to crack down on what are called "counter-revolutionary elements" in Solidarity.

Gen. Juruzelski yesterday *dominated the front page of* Neues Deutschland, the East German party newspaper, which printed his message to Polish troops to guarantee "the independent socialist existence of the Fatherland."

East European officials in East Berlin see the prominence given to *the general* as East Germany's *way of saying* it expects him to arrest leading members of the Polish KOR *movement,* the social self-defence committee which has close links with Solidarity.

Europe's plans for role in space fly into turbulence

BY DAVID TONGE

LEADING West European countries, which began talks in Paris yesterday to map out Europe's role in space over the *next 10 years, have found their* task complicated by sharp conflicts of commercial interest.

"The European Space Agency," one official remarked, "is changing from a forum of co-operation to one of competition."

The draft 10-year plan, in officials' hands for a final polish before a full ESA meeting next month, has become the focus of political and commercial manoeuvrings among the agency's main paymasters: West Germany, France and Britain.

The plan ranges across the *frontiers of science in fields* such as space telescopes and remote sensing devices. But, beyond these, it involves the *more immediate issue of how* West European countries should tackle the massive telecommunications market. The world could spend at least £15bn on civilian space equipment, excluding launchers, in the next ten years, according to a recent study for Britain's Department of Indus*try. And about ten times this* amount could be spent on ground equipment.

In the U.S. special business links have now been introduced alongside the more familiar television and telephone satellite circuits. The Third World, too, is showing an increasing interest in communications satellites.

The agency's annual budget has been running at around $700m. The main contributors have been France, paying 33.4 per cent of the total in 1979, West Germany (26.8 per cent) and *Britain* (11.7 per cent). Each has borne the lion's share of the costs of one of ESA's three main projects. *France has concentrated on* Ariane, the rocket whose first launch was a success and whose second ended after 58 seconds. A third test is planned for this summer and France hopes this will establish Ariane in the lucrative business of putting satellites into orbit.

West Germany has been *devoting the bulk of its agency* contributions to the two-man laboratory to be taken up by the U.S. Space Shuttle. This project too, is nearing its end.

Britain, meanwhile, is taking a leading role in the development of European communications satellites. The first of five is to be launched next year. Britain is also contributing 56 per cent to the costs of Marecs, a maritime navigation and communications satellite programme.

ESA has defined its role as the development of projects to the point where commercial companies can take them forward. The impending completion of its work on Ariane and Spacelab means that there is general agreement that the agency's annual budget should be tapered down by about one-fifth, from the current $690m to around $560m. But the real problem comes *in defining what* it should do.

GROWING OUT of the European Space Research Organisation and ELDO, the launcher organisation, the 11-member European Space Agency began operations in May, 1975. Its policy of sharing out contracts between the members and the division of its 1,500 staff between three capitals and the units of its satellite control centre, have made it a cumbersome and often costly body.

To some extent, aerospace companies have been helped to stand on their own feet, and it could be argued that the agency's role is consequently less important than in the past. Some officials even fear that a shrinking ESA could become a repository for the least pressing or profitable *projects which no one else* really wants.

Everyone agrees that ESA should continue its scenitific *programmes and there is gen*eral consensus, for example, on a plan to launch a remote sensing satellite. But France is keen that these policies should not be carried out at the cost of neglecting further developments in Ariane. And West Germany and France unite in opposing Britain's belief that ESA should pay particular attention to communications.

Two years ago, France and West Germany abandoned a scheme to develop a heavy communications satellite, H-Sat. Complaining of slow progress *and the politicking involved,* they joined together to build their own television and telephone communications satellite. British officials describe the move as bending ESA's rules as the work done since France and Germany went their own way shows that the two countries' work is *still at the* pre-operational stage and their experience should by rights be shared with other members of ESA. Britain *meanwhile, combines work on* the project—renamed L-Sat and with more capacity than the French-West German project—with other agency members.

More recently, the launch last November of the first U.S. satellite designed to relay computer data, telephone calls and electronic business mail has opened the way to a vast new market

This latest development, however, in the light of the rift over H-Sat, seems likely to be another case in which some European countries will sho wthemselves reluctant to share today what *could become the precious com*mercial secrets of tomorrow. It also serves to illustrate the difficulty of the task before the ESA officials at work in Paris.

Last-minute bid to halt Belgian strikes

By Giles Merritt in Brussels

THE BELGIAN Government yesterday made an eleventh hour bid to avert the general strike of public sector employees called for today.

But as talks in Brussels aimed at heading off the one-day stoppage continued, a strong possibility emerged that the protest action would be joined by substantial numbers of workers from the private sector.

Both disputes, which risk flaring into *serious* defiance of the Belgian coalition government led by Mr. Wilfried Martens, centre around the Government's attempts to impose far-reaching austerity measures.

New pay deals embodying wage restraint must be struck soon or the Martens Government's February 15 deadline for imposing what amounts to a two-year wage freeze will be passed.

U.S. aid for Turkey

MR. JOHN TOWER, chairman of the U.S. Senate Armed Services Committee, said reports of torture in Turkish jails would not affect plans to offer $706m (£304m) in military and *economic* aid to Turkey. He said the Reagan Administration might increase the amount. "There are always people who want to find something to create alarm and criticism," said Mr. Tower.

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Reagan reverses Carter ban on oil lease sale

BY PAUL BETTS IN NEW YORK

THE REAGAN Administration is proposing to offer for sale leases to drill oil and gas in 1.3m acres off central and northern California. Such a move would reverse a decision by the Carter administration which had banned the sale of Federal leases in these offshore tracts because of environmental concerns.

The area involves five basins which the U.S. Geological Survey has estimated contains a potential of 982m barrels of oil and 1.2 trillion cubic feet of natural gas worth, at today's market prices, about $42bn.

Although President Carter had originally agreed to the sale of leases on all five basins, he subsequently changed his mind because most of the gas and oil appears to be concentrated in only one of the five basins. He thus approved the sale of leases next May on the southernmost basin taking the four northern ones out of the proposed sale.

In reversing Mr. Carter's decision, Mr. James Watt, the new Secretary of the Interior, said President Reagan had instructed him "to take the necessary steps to increase domestic production of oil and gas."

But the proposal to open up the four offshore disputed areas has already provoked the anger of Californian environmentalists who fear development in these offshore areas would seriously harm the local fishing and tourism industries.

The decision of the Reagan Administration to go ahead with these lease sales in the Californian outer continental shelf are widely seen as an early attempt to fulfil campaign promises to release quickly Federal lands to boost domestic oil and gas exploration and development.

But in selecting California, Mr. Reagan could have unleashed a head-on confrontation between the new Administration, the oil industry and powerful environmentalist forces. In the past, California has fiercely resisted offshore oil development, especially since the 1969 oil spill disaster in the Santa Barbara Channel in the southern part of the state's outer continental shelf.

Plans to develop the Santa Barbara Channel have been held up for a decade in bitter court battles, although it now appears that Exxon will finally bring on stream production in its promising Hondo field in the area.

Following the discovery of a major field under 700-1,500 ft of water in the channel, Exxon installed a 960 ft tall platform but operations have been held up until recently by environmental opposition and litigation. Production at the Hondo field is expected to begin next April.

Manley offers resignation as Opposition leader

BY CANUTE JAMES IN KINGSTON

MR. MICHAEL MANLEY, leader of Jamaica's opposition Peoples National Party has tendered his resignation to the party's national executive. The executive, however, has rejected it. Mr. Manley was yesterday continuing a series of meetings with senior party members in which he is understood to be laying down conditions under which he will be willing to remain party leader.

Mr. Manley was Prime Minister for eight and a half years until his social democratic party was defeated by the conservative Labour Party in an election last October. He once described the job of Opposition leader as "boring." Meanwhile the party has been trying to recover from the magnitude of the election defeat, when its 47 seats in the 60 seat lower house was reduced to nine.

Mr. Manley's conditions for continuing as leader will be discussed at a meeting of the party's executive on Sunday. If his conditions are rejected he is expected to go ahead with his resignation.

Governor Brown . . . foreign threat

Electronics aid package proposed

By Our Washington Correspondent

GOVERNOR Jerry Brown of California has proposed a $22m package of incentives to support and protect his state's high technology sector from challenges abroad and from other states which are competing for lucrative electronics plants.

Electronics employs a quarter of California's manufacturing workforce, accounting for about a third of the world output of integrated circuits.

The Governor's programme, which must be approved by the State Legislature, would give some $2.6m to expand the University of California's basic research into microelectronics at Berkeley, provide some subsidies to small companies starting out in the high technology field, and use $3m in state funds, along with $2m in Federal money to give grants to inventors and help small companies market new products.

Mr. Brown's officials have expressed concern that Japanese and European companies threaten to overtake Californian companies because they get large Government subsidies.

The industry programme will also undoubtedly figure in Governor Brown's declared bid to contest the senate seat at present held by Senator S. I. Hayakawa, a Republican, in 1983 when he finishes his second term in the Governor's office.

Washington surprise as Gromyko letter made public

IN AN unusual move, reflecting chilled relations between the superpowers, the Soviet Embassy here has made public a letter from Mr. Andrei Gromyko, its Foreign Minister, accusing the U.S. of "open interference" in Polish affairs and other antagonistic acts, writes David Buchan.

U.S. officials here reacted with surprise, noting that the Soviets were usually insistent on diplomatic secrecy. Mr. Gromyko's letter of January 28 was in reply to one sent by Mr. Alexander Haig, the U.S. Secretary of State, four days earlier, which the Russians claimed had been made public by the U.S. side.

Though the Haig letter's thrust was revealed to reporters, its text was not released then. But officials said yesterday it might be now.

Despite Mr. Gromyko's blunt tone, his letter ended with an expression of Soviet "readiness for exchange of views on a wide range of issues." However, that was written shortly before public remarks by President Reagan and Mr. Haig accusing Moscow of duplicity in its general conduct and of encouraging international terrorism.

The Reagan Administration's policy towards the Soviet Union is far from clear at the moment, though it is evidently in no rush to resume any arms limitation talks with the Kremlin. Mr. Haig has let it be known that, first, he wants to establish "a code of conduct" with Moscow curbing military interventions, along the lines of the 1972 agreement between Mr. Nixon and President Brezhnev.

But the new Administration has sent signals to Moscow, which have been unusually loud by past practice, and mixed even by the standards of the traditional Washington confusion as a new team settles in to the White House.

The Soviet Union seems to have decided that in the present climate it has little to lose in striking back publicly. In doing so, it will almost certainly have taken the advice of its veteran envoy to the U.S., Mr. Anatoly Bobrynin, who is now the longest serving ambassador of any country in Washington.

But Mr. Gromyko's most pertinent comments focussed on the Polish crisis. He reiterated the Soviet position that the "internal affairs of this sovereign socialist state cannot be a subject of discussion between third countries, including the USSR and the U.S."

But he went on to condemn the U.S. for openly interfering in the Polish situation with provocative Voice of America broadcasts, and said that interference by the West went beyond radio transmissions.

This was a possible reference to discussion in the We[st] of economic aid for Poland which the U.S. has said sh[ould] be at least partially [...] policy changes inside [Poland]. This week, the Stat[e Depart]ment said it was c[...] aid to Poland—in a[...] $670m in food c[...] year—" on a prior[...]

United States w[...] Moscow not to int[...] "inappropriate," M[r. Haig] wrote. Respondin[g to Mr.] Haig's complain[t about] Russian troops in [Afghanis]tan, the Soviet [Foreign] Minister said that [...] were to leave, ther[e would] first have to be an [end to] "armed incursions" [into] Afghanistan.

Haig moves quickly to take charge

BY DAVID BUCHAN IN WASHINGTON

MR. ALEXANDER HAIG, the clean-cut former four-star general, has moved swiftly to establish clear ascendancy over his State Department and the Reagan Administration's foreign policy.

That policy has yet to take definite shape. The new Secretary of State's hard line anti-Soviet rhetoric, shared of course by President Ronald Reagan, is for instance little practical guide to what the Administration will in fact do on key East-West issues.

But so far it is 3—0 in Mr. Haig's favour on the foreign policy issues where he has tangled with fellow Cabinet members. Though none of the outcomes are final, Mr. Haig has toned down the enthusiasm of Mr. Caspar Weinberger, the Defence Secretary, for deploying the neutron weapon in Europe, he has restored some of the foreign aid cuts planned by Mr. David Stockman, the Budget Director, and his argument carried the day over Mr. John Block, the Agriculture Secretary, in delaying a decision on the future of the Soviet grain embargo.

His success in these early skirmishes at out-gunning policy opponents, is put down, in part, to the bureaucratic skills he learnt while deputy on the National Security Council in the early 1970s to Mr. Henry Kissinger, a master in-fighter, and, in part, to the fact that Mr. Haig moved his troops into the State Department at the double.

Virtually every job at the Assistant Secretary level has now been filled at the department, while in some others Cabinet officers are still surrounded by empty offices.

One cross Mr. Haig will, however, have to bear is the White House choice of Mr. William Clark as Deputy Secretary of State — an appointment which Mr. Haig eventually had to accept with public good grace. Mr. Clark has been the butt of many jokes since his abysmal show of ignorance at his Senate confirmation hearings. A cruel jibe doing the State Department rounds is that Mr. Clark could do much studying before the Senate hearings, "because his lips get so chapped when he reads."

Mr. Haig has enlisted a key ally in Mr. Weinberger, and together they have drafted a memo to put foreign policy preparation and co-ordination into State Department hands, instead of the newly downgraded National Security Council.

The two men have had their differences, such as over the public handling of the sensitive neutron question. But the traditional tension between a "dove" at State and a "hawk" at Defence may no longer be present. As former NATO commander (and in that job a neutron fan), Mr. Haig believes in spending on the military. The traditional roles are not exactly reversed, but Mr. Weinberger did make his name as a budget cutter.

Mr. Richard Allen, the national security adviser, seems to have been cowed by Mr. Haig into virtual invisibility. Mr. Allen knew that, as President Reagan promised, the NSC would play second fiddle to Mr. Haig. But it must have been a shock for the NSC adviser recently to find that a briefing on Korean matters which he was scheduled to give on his home White House turf was ordered by Mr. Haig to be done by a State Department official instead.

This is a far cry from the Carter days, when more often than not Mr. Zbigniew Brzezinski of the NSC, abetted by Mr. Harold Brown of Defence, could gang up and defeat Mr. Cyrus Vance, the Secretary of State.

But Mr. Haig's manoeuvring could still be mired by opposition from the President's two top advisers, Mr. Ed Meese and Mr. James Baker. Should they decide that whittling away of White House powers has gone far enough, the Secreta[ry of] State will find them form[idable] opponents.

It is hard to doubt tha[t Mr.] Haig, a man of high amb[ition,] would not like a crack [in] 1984, at running for th[e Presi]dency himself. But [for the] moment, success at [the State] Department and a fr[...] at higher goals wou[ld seem] to depend on not alie[nating too] many people on his w[ay].

Mr. Haig . . . high am[bition]

Mexican land reform law provokes row in ruling pa[rty]

BY WILLIAM CHISLETT IN MEXICO CITY

LEGISLATION to improve the efficiency of Mexico's ejidos, the myriad smallholdings tilled by peasants, has provoked a political controversy involving President Jose Lopez Portillo.

The ejidos are a cornerstone of Mexican revolutionary tradition. The large estates of the landowners were broken up after the 1910 revolution and handed over to associations of peasants, who were given rights to work pieces of land on a co-operative basis. Although the land officially belongs to the State, the right to till it can be passed from father to son, or within the co-operative.

Although almost half Mexico's arable land is in the form of ejidos, they produce only just over a third of total food output, at a time when the country's growing population is forcing higher food imports.

The legislation will allow private farmers and those working on ejidos to form "associations" to boost agricultural production.

The plan has met strong criticism from the left and, more importantly, from within the ranks of the ruling Institutional Revolutionary Party (PRI).

The legislation was passed by an overwhelming majority in the Congress, but it involved a record 20-hour debate an[d assur]ances from Sr Lopez [Portillo] that it was not "reacti[onary"] and did not mean [more] power for the private s[ector].

Opponents believe [it will] pave the way for de[...] the ejidos by priv[ate ...] and a return to the c[...] large private estates.

OVERSEAS NEWS

Anthony McDermott in Cairo reports on a hydro-electric scheme which would link a desert depression with the Mediterranean

Egypt edges nearer to realising the Qattara dream

TWO HUNDRED miles west of ... is a vast geological de... on where the desert lies hundreds of feet below ... of the Mediterranean. ... passage between it and ... to harness the hydro-power of the inward ... and link it to Egypt's ... has been a dream of ... for decades.

... hin a few months, ex... work—could actually realise the dream and ... decisions appear to have ... made over alternative ... which have faced the ... of President Anwar ... for several years.

... German consultants, ... the backing the Egyptian Government, started work in ... on a detailed report, in which the use of nuclear explosions was advocated for the excavation of a canal linking the Mediterranean with the Qattara Depression. But the nuclear approach to excavation was shelved last November when ... consultants, led by Lahmeyer International, finally presented their report to the Government.

The nuclear proposal was dealt a final blow on Wednesday when the Swedish Government, through its Commission for Technical Co-operation, signed a memorandum of agreement for ... amounting to SKr 2.5m as ... thirds of the cost of a ... bility study for a different ... el excavated by conventional ... ons.

Perhaps it is extraordinary that the idea of using nuclear ... s should have been ... ously considered for so long. ... nuclear excavation in this desert setting was calculated to be far cheaper than conventional blasting.

Against it were rather more obvious points. It would be politically unthinkable to introduce nuclear explosive materials into the Middle East, even for peaceful purposes. In practical terms, the use of this kind of excavation is still in its infancy. Moreover, as a senior engineer involved in the project pointed out, weather conditions in the Western Desert would probably only allow about two days a year when the explosions could be carried out relatively safely.

Along with the nuclear approach have been shelved two possible canal routes suggested by Lahmeyer, and the canal alignment now preferred by the Government is that which, if all goes well, will come under full study this autumn by SWECO, the Swedish Consulting Group.

This route lies to the east of those proposed by Lahmeyer and was discovered, ironically, by SWECO when they were working on a Qattara Depression Project in the 1950s. Work should go ahead in the autumn after further joint Egyptian and Swedish exploration of the area and should take eight months to complete.

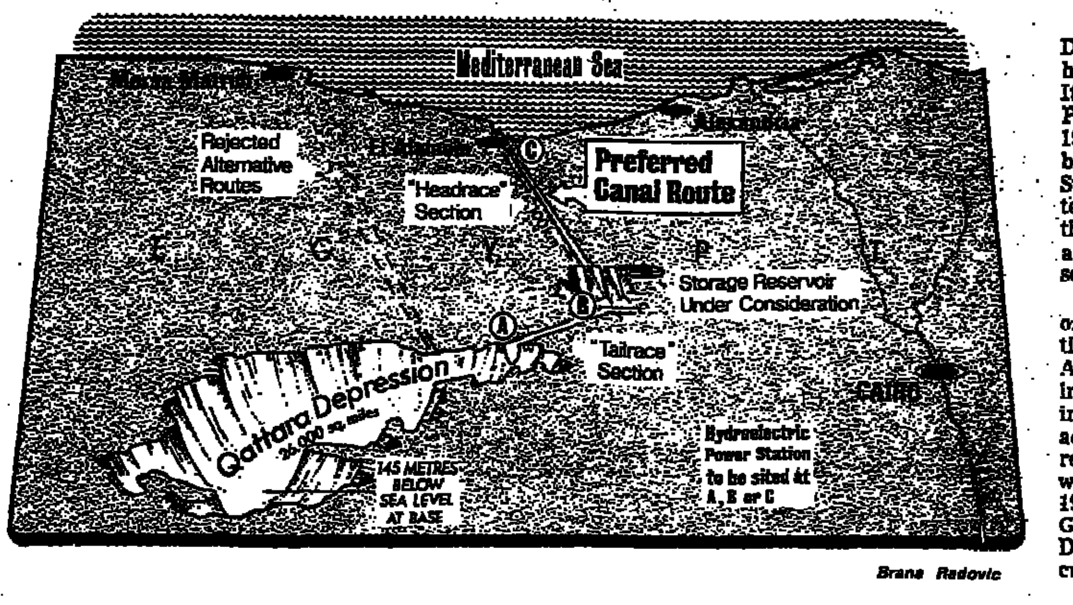
Last October President Sadat said the Qattara Project should go ahead: Egyptian scientists are currently carrying out tests on the environment in the area and if they come up with the correct answers then the initial stage of the scheme could be under way in the spring.

The project itself has the merits of being both imaginative and, in broad scientific principle, simple. It envisages that, by the construction of a waterway, electricity could be generated by exploiting the drop between the Mediterranean and the Depression which is 145 metres below sea level at its deepest part. There are different choices available for the canal alignments and for the power generating plant. A power station on the edge of the Depression would rely on the head of water built up in a "headrace" canal while a station nearer the Mediterranean would be driven by the water slipping away down a "tailrace" canal. An additional possibility is that near the Depression a storage reservoir could be built which would be pumped full during off-peak hours so that its head of water could be used to supplement the existing canal flow during peak consumption hours.

At present, Egypt relies heavily on the High Dam and the older dam at Aswan for its energy, deriving from hydro-electrical generation about 60 per cent of the 18.5bn kWh total energy produced last year. The Qattara Depression could take between 8 and 30 years to fill up to 60 metres below sea level—the preferred depth—depending on the speed of the water flow and would be capable of producing up to 5bn kWh, or 20 per cent of Egypt's needs by the year 2000.

The completion of the project by any technique or route would not take less than a decade, and at the moment questions concerning the rate of evaporation or what to do when the 60 metres mark is reached are either negligible or far enough away not to cause concern.

The Qattara Depression itself is a gigantic and largely barren natural basin covering 1-50th of Egypt's land mass, some 20,000 square kilometres. One of its craggy rims in the north-west rises to a height of 250 metres, but its salt and mud-caked base levels out below sea level to an area of 5,800 square kilometres.



Brana Radovic

The idea of using the Qattara Depression for generating power has been around for a long time. It was first proposed by a Dr. Penck of Berlin University in 1916. Since then studies have been made by British, Swiss, Swedish, German and Egyptian teams—coming up with no less than eight different water routes and 12 different generating schemes.

But as a result of the change of mind over nuclear excavation, the Qattara Project Authority currently finds itself in the curious position of having received but not officially accepted Lahmeyer's six-volume report. The contract for this was concluded in September, 1975, and the West German Government has contributed DM 18.3m towards its foreign currency costs.

No one disputes that the Lahmeyer Report is a highly competent work, and the Egyptian scientists will be depending heavily on its chapters about the effects on the environment for their final judgments. But almost as soon as Mr. Kamal Hamed took over as the chairman of the Qattara Project Authority at the beginning of 1979, he had doubts about the Lahmeyer nuclear approach.

In March, Mr. Hamed called for a second opinion from Nitro Nobel of Sweden about the costs of a canal further to the east of the two alignments selected by Lahmeyer, to be excavated by conventional rather than nuclear methods. Their findings have been absorbed into a desk study made by Sweco and have formed the starting point for a full feasibility study which should now go ahead in the autumn.

A key figure in this long saga has been Professor Friedrich Bassler of West Germany, who studied in the Qattara area between 1964 and 1969. It was his preliminary report submitted to the Egyptians in 1973 which recommended that for reasons of cost the connecting canal should be dug by nuclear excavation. It was largely under his influence that Lahmeyer emphasised this approach.

Significantly, Professor Bassler has now changed his mind. In a joint paper with Mr. Hamed to the Eleventh World Energy Conference held last September in Munich, they together rejected nuclear excavation as "against environmental requirements" with the result that Lahmeyer was left rather high and dry.

The Lahmeyer Report studied three alternatives:

- A 75-kilometre channel going directly northwards, excavated by nuclear blasting and costing $4.74bn;
- The same channel dug conventionally and costing $8.43bn;
- A 100-kilometre conventionally dug channel connecting with the coast westwards towards Mersa Matruh, costing $5.71bn.

The SWECO proposition, however, involves a canal more than 100 kilometres long aligned farther to the east towards El-Alamein. Because it would pass through lower hills, its conventional excavation costs would be lower, and its total costs are now estimated at about $2bn. Its power generation capacity would be about 3.3bn KWh.

Now that the Swedish government is fulfilling Mr. Hamed's long standing confidence that it would finance all but the local currency costs of a feasibility study, it looks as if Sweden at least is overcoming worries, shared by the World Bank, about the ultimately unpredictable effects of creating an enormous salt-water lake even in such a barren and deserted region.

Mr. Hamed on the basis of the Lahmeyer Report maintains that the new lake would "exercise no measurable influence upon the weather in the Nile Valley, or other downwind areas." He is confident that existing water reservoirs would "not be altered significantly."

There is also the question of economic viability. There are many officials and diplomats in Cairo who doubt, given the costs, time and engineering involved, whether these resources might not be better deployed elsewhere—clearly not in the construction of an oil-fired power station, but perhaps in others fuelled by coal, gas, solar energy or, ironically nuclear power.

The fact remains that for Mr. Sadat the fundamental decision to go ahead has been taken and the lucrative contracts will eventually be out to tender. But as some cynics have somewhat tartly pointed out, in the past Nasser had his High Dam and the lake behind it named after him and President Assad in Syria has the same memorial behind the Euphrates Dam. Can Lake Sadat be far behind?

Balance of payments back to surplus in Australia

CANBERRA — Australia's ... of payments as ... red by net official monetary movements showed a ... m (£143m) surplus in ... according to preliminary ... Statistics Bureau figures.

... compares with an up... revised A$115m deficit in ... ber and a surplus of ... m in January last year.

... apparent capital inflow ... to A$515m from an up... revised A$113m in December and compared with ... m in January last year.

... latest set of figures also ... des an item known as public non-monetary enterprise ... ings.

This covers borrowings in the form of corporate securities other than corporate equities, loans, advances, deposits, notes, bank overdrafts and mortgages.

It also covers trade credit owing to unrelated foreign enterprises for imports with a contractual maturity of over six months, by commonwealth, state and local government trading and non-bank financial enterprises.

The series includes borrowings by state government enterprises for infrastructure purposes. The borrowings figure for January was A$10m compared with an outflow of A$24m in December.

Reuter

IMF contingent leaves Uganda

KAMPALA—A four-member IMF team has left Uganda after submitting proposals to the Government on how to rebuild the country's shattered economy.

The team leader, Mr. Victor Callender, a Grenada economist, said he would probably return in about two months to negotiate an aid package based on suggestions to the Government.

Areas of agreement with the IMF are said to include the need to strengthen Government revenue collection, the return of some partial state industries to private ownership and the need to rationalise foreign exchange allocation.

Reuter

Non-aligned talks deadlocked

NEW DELHI — Pro-Soviet countries were yesterday trying to stop the Foreign Ministers of the non-aligned countries from demanding foreign troop withdrawals from Afghanistan and Kampuchea.

Foreign Ministers of the 96-member group had been scheduled to end their four-day conference last night. But, with the two major issues of Kampuchea and Afghanistan still unsettled, talks were expected to continue today.

Although there seemed to be majority support for the troop withdrawal demand led by Pakistan and three countries of the Association of South-East Asian Nations (ASEAN), the conference was deadlocked because it traditionally seeks to reach consensus decisions.

Vietnam, Afghanistan and their pro-Soviet allies have been presented with a draft by officials linking the withdrawals with the need for stability in the ASEAN region.

Afghanistan, which failed to stop the conference discussing the 14-month-old Soviet military inervention, said yesterday that a pull-out of the "limited contingent" of Soviet troops was beign delayed by Pakistan and Iran.

Mr. Shah Mohammad Dost, Foreign Minister, said countries demanding that the Soviet troops leave were using all possible means to delay this.

Dr. Kurt Waldheim, United Nations Secretary-General, announced Javier Perez de Cuellar of Peru, under-secretary, as his personal representative charged with bringing Afghanistan and its neighbours, Pakistan and Iran, to the negotiating table.

An attempt by India to name the U.S. navy base on British-owned Diego Garcia island in the conference's final declaration was over-ruled when other countries insisted Soviet military bases in the region should also be named.

The Mauritius delegation leader, Sir Kerharsingh Jagatsing, whose country claims sovereignty over Diego Garcia, said yesterday that the island had been illegally "detached" by Britain.

Reuter

Gabon doubles current account surplus to $773m

BY FRANCIS GHILES

GABON'S CURRENT account of the balance of payments is estimated to have been in surplus by $773m (£336m) in 1980, more than double the figure recorded in 1979. This is due essentially to the higher value of the republic's major foreign currency earner, crude oil. The value of crude oil exports rose by 48.5 per cent to $1.9bn last year.

These provisional figures are included in a report completed recently on Gabon by Kuhn Loeb Lehman Brothers, Maison Lazard and S. G. Warburg. The three banks, known as the "triad," were appointed three years ago to advise Gabon on the management of its economic and financial affairs. This is their sixth report.

It says that Gabon's GDP is thought to have grown by 15 per cent in real terms in 1980. In current terms the country's GDP increased by a provisional 31.8 per cent to $3.9bn between 1979 and 1980. Exports rose last year to $2.5bn, crude oil accounting for about 78 per cent of that figure.

Work on the Transgabon railway is expected to cost $190m in 1981. The $151m spent last year represented nearly one third of the state development budget.

Energy Review: Carbon dioxide from fossil fuels — By David Tonge, Diplomatic Correspondent

Dangers from the 'greenhouse effect'

WESTERN energy experts have been meeting this week in Paris to examine whether the world can afford its present energy policies. On the surface the debate was not about money but about something even more basic—the Earth's climate. Burning fuels such as coal and oil is causing the Earth to retain more of the sun's heat.

The aim of those attending the meeting at the International Energy Agency (IEA), which groups leading Western countries, was to determine how long this can continue without damaging, man's food supplies and his land.

But this question soon raises the problem of the cost of the alternatives to fossil fuels, as well as the issue of whether Third World countries can ever find the capital to exploit nuclear or solar energy.

These fundamental problems have been the subject of a meeting ending yesterday with the drab title of the International Carbon Dioxide Workshop. This was held at the IEA in Paris and was to co-ordinate Western research on the effects of the gradual increase in the level of carbon dioxide in the air.

In the past 120 years this level has risen by at least 14 per cent and possibly by 25 per cent to 335 parts per million. Of this rise, 8 per cent has occurred in the past 23 years and the rate of increase is expected to increase.

A projection of present energy trends suggests that the level of carbon dioxide could double in the next 50 years. The importance of this lies in the effect the gas has on the Earth's cooling. An increase in carbon dioxide would little alter the amount of the sun's radiation striking the earth's surface. But it would significantly reduce the amount of heat from the Earth's surface which is radiated out to space. This "greenhouse effect" means a warmer earth.

Scientists agree on these basic propositions but they soon differ when it comes to establishing a precise relationship between levels of carbon dioxide and changes in the earth's temperature. Last year saw two publications by American scientists arguing that the greenhouse effect could be extremely limited and that a doubling of atmospheric carbon dioxide would only increase the average global temperature by around 0.25 degrees C.

But before this, consensus had been emerging on far more "apocalyptic" consequences. A series of different research teams had all produced forecasts that the doubling of carbon dioxide levels would increase temperatures by around 2 degrees C. But it is feared that this apparently small temperature rise could lead to pestilence, famine, and perhaps even war.

As a comprehensive Earthscan briefing* on the subject explains, civilisation is "fine-tuned to the present climate. A few degrees could cause profound changes in crop yields. The U.S. and Soviet grain belts would be drier, reducing yields." This could have major political consequences. And they would be more serious for the U.S. than the USSR since the latter has reserves of good soil which cannot now be cultivated because of low temperatures. Few Americans would care to contemplate a reversal of their food balance with the Russians, but the world at large can at least take some comfort in the prospect that a rising world temperature could lead to more rainfall in, surprisingly, India and the Middle East.

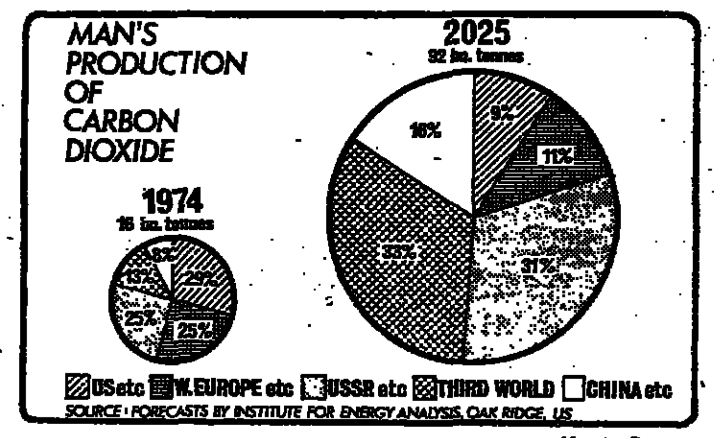
Less reassuring is a forecast last year in the Journal of Atmospheric Sciences that a 2 deg C rise in average global temperature would conceal much larger regional variations, in particular a 10 deg C warming in the polar regions.

This could lead to melting of the ice caps and a dramatic rise in sea level. There is evidence that during the interglacial period 120,000 years ago some sea levels were 20 feet higher than today. Today scientists argue that even a 5 deg C rise in temperature could largely melt the west Antarctic ice sheet and raise sea levels up to 16 feet. For towns like London, New York and Calcutta this could be disastrous—as it would of course be for the Netherlands.

A further problem is that higher temperatures would increase the speed of multiplication of agricultural pests.

Finally, it could extend the "curse of the tropics"—poverty itself. In the past northerners have tended to argue that heat breeds indolence. But perhaps more crucially it stimulates bacteria. It is at around 20 degrees C that humus is no longer formed from dead vegetation faster than it is broken down by bacteria, meaning that deterioration of the land is liable to be endemic and peasants are hard-pressed to produce the regular economic surplus necessary to stimulate industrialisation. A recent book, Inside the Third World, points out that almost all of the world's poorer countries lie in areas with an annual average temperature above 20 degrees C.

It is fears such as these which led the UN to convene a World Climate Conference in Geneva two years ago. But, while expressing anxiety, the conference also stressed the uncertainty of scientists and the need for research. As the IEA workshop found this week, that uncertainty continues.



Martyn Barnes

THE COSTS OF POWER GENERATION 1980

	Investment cost per kilowatt U.S.$	Fuel cost U.S. cents/kWh	Power cost U.S. cents/kWh
Oil fired steam generator	800	5.5	7.5
Coal-fired steam generator	1,000	2.7	5.2
Hydropower	1,100	0	2.4
Nuclear large multiple units	1,600	1.0	5.1
single small unit	2,200	1.0	7.4
Solar cells	over 20,000	0	over 100

Note: Figures for conventional generators are for large units. Source: World Bank

There are at least three fundamental issues which are still not fully understood:

- How do the oceans and other key parts of the carbon cycle and in particular do the forests act as a "sink" or source of carbon dioxide?
- What model of the world's climate should be accepted: that which predicts minimal effects or the "apocalyptic" one?
- What is the significance of the greenhouse effect compared with the longer term changes in the earth's temperature?

Until the mid 1970s it was generally accepted that the mass of living organisms in the world, and in particular the tropical forests, must be removing carbon dioxide from the atmosphere. But biologists then claimed that the clearing and burning of forests was releasing carbon dioxide. Today analyses vary. And there is also the riddle of where all the carbon dioxide released by volcanoes has gone.

The second area of doubt is the model of the world's climate that should be adopted. The "apocalyptic" visions of the future have resulted from use of the models most widely favoured in climate studies, the so-called General Circulation Models.

These models are strongly challenged by scientists who predict that far smaller temperature increases would result from a doubling of the Earth's temperature. The critics allow for a number of factors which would limit the greenhouse effect, such an increased cloud cover which would prevent some of the sun's heat reaching the earth. They also stress the need to concentrate on the oceans and water vapour — which have a greater effect on heat movements than does carbon dioxide. And they raise the question of the extent to which the amount of dust in the stratosphere is a more significant factor.

These factors merge into the third main question about the longer term changes in the earth's temperature. Compared with most of the 4.5bn years of the planet's history the past few million years have been unusually cold. A series of ice ages have been separated by short warm intervals usually lasting between 10,000 and 15,000 years. The present interglacial period has lasted 10,000 years.

In the past 1,000 years in the northern hemisphere temperates were about today's level until around AD 1300. They then fell by around 1 degree C, a fall large enough to provide ice skating on the Thames and the frosty scenes depicted by Breughel. From AD 1700 temperatures rose fairly steadily until around 1950 but have since slipped slightly. What is hard to confirm is the suggestion that by AD 2000 the greenhouse effect could be overwhelming the natural patterns of the 80-year rhythm of warm and cold cycles which some scientists claim to have discerned in recent centuries.

These uncertainties explain why scientists say they still need time. But, while they argue about dust, "sinks" and models, the world cannot wait. Forecasts of energy consumption are all open to question but the latest World Bank predictions are that world energy commercial production could increase by an average of 3.9 per cent annually in the current decade. This is just below the longer term rates forecast by a 1978 workshop on carbon dioxide which predicted that emissions would be six times higher in AD 2025 than they were in 1974.

These forecasts assume on heavy reliance on fossil fuels and all forecasts agree that the increase in fuel consumption will be concentrated outside the western world. The forecast by Dr. Ralph Rotty of Oak Ridge Associated Universities that by AD 2025 China and the Third World will have increased their share of fuel carbon dioxide emissions from 21 per cent to 49 per cent tends to cause questions about whether the World Bank is continuing to focus its sights on the fossil fuel route.

In the past two years it has been emphasising the coal development potential of the Third World, making loans available to help countries pay for the search for oil, and seeking to set up an energy affiliate to handle these matters.

Critics of this policy will be looking to the results of research into the effects of carbon dioxide to fuel their own case. But even if they should obtain this support they still have to answer two further questions. The first is whether the West has the right to tell the Third World what energy policy to follow when the average European uses 266 times as much commercial energy as the average Ethiopian and the average North American uses around 1,000 times as much as the average Nepalese.

The second is where the Third World will be able to find the capital to develop nuclear or solar power instead of relying on oil or coal.

Most countries have trouble enough in meeting their oil import bills not to have any cash spare for heavy investment. And nuclear power plants can involve twice the capital cost per kilowatt of installed capacity of more traditional oil, coal or gas fired power plants. The message is thus clear: if dependence on oil and coal is to be reduced anywhere it will have to be by the developed countries which are only now beginning to concentrate on how worried they should be about trends in the earth's climate.

**Carbon Dioxide, the Climate and Man, published by Earthscan, the information unit of the International Institute for Environment and Development.*

Oil deals in Indonesia

JAKARTA—A group of North American oil companies signed production-sharing agreements with Indonesia and pledged to spend at least $128.8m on exploration during the next six years, Mr. Subroto, Indonesia's Mines and Energy Minister, said yesterday.

Those involved are Husky Oil International, Mobil Pase, Chevron Singkarak, working in co-operation with Texaco Singkarak, and Kerr McGee Indonesia (Consortium), operating Samedan Oil of Indonesia with Quiwatawa Indonesia, and Wainoco International.

Mr. Subroto said that Indonesia will receive 85 per cent of the oil production after the firms recover all exploration, investment and production costs.

Husky Oil, of Canada, said it will spend $15m on exploration in offshore areas in the Banggai Islands, east of Sulawesi (Celebes), while Mobil Oil, working onshore in the Pase region of Aceh, North Sumatra, said it is to spend $13.2m over the next two years on exploration.

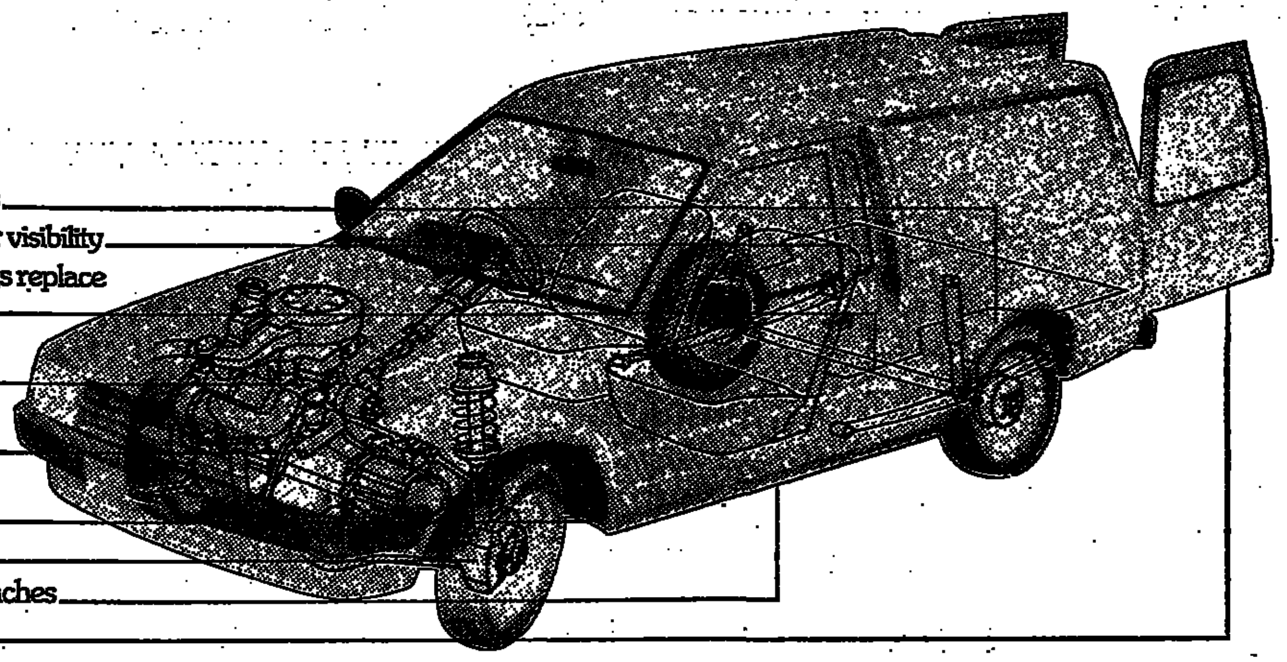
Chevron, in co-operation with Texaco, said it will spend more than $60m over six years in an area in Central Sumatra. The Kerr McGee consortium said it will spend $40m over six years exploring offshore areas around the Bawean islands in the Java sea.

The Indonesian Government received $11.75m as an information bonus for geological and seismic data.

Mr. Subroto is hopeful that new discoveries will increase Indonesia's oil production to 1.8m barrels a day (b/d) by 1983 from a low point of 1.56m b/d last year, after reaching a peak of 1.7m b/d in 1977.

Reuter

How we turned a simple, efficient car into a simpler, more efficient van.



This is the long-awaited new Escort van, that's even better than its predecessor.

As you'd expect it owes much to the technology that went into the new Escort saloon.

But it is, in fact, a very different animal: A purpose-built van.

Since its sole objective in life is to make money for its owner, the engineers made everything as simple and functional as possible, which not only enhances its reliability but also keeps running costs to a minimum.

Little big van – the vital statistics.

	Ford Escort 55	Leyland Marina 575	Vauxhall Chevanne
Max. load volume (behind seats) (cu. ft.)†	94.0	88.0	††
Max. load floor length (ins.)	72.0	72.8	62.4
Max. load space height (ins.)	40.8	39.1	31.6
Max. load space width (ins.)	59.0	57.5	50.0
Payload incl. driver* – (lbs)	1620	1296	1102
– (kilos)	735	588	500

*Subject to production tolerances. †SAE method. ††Not published.

The Escort equals or beats its closest competitors in most of the vital areas in the chart, which makes it just a shade more efficient as a load carrier.

Not only that but its back doors are wider and higher than its rivals. And its floor is lower. So it's just a bit easier to load and unload.

And, as you can see, the wheel arches intrude very little into the cargo area. They're both shallow and flat-topped.

Note also the tough steel floor.

The Escort van is available in two payload versions – the 35 and the 55.

High efficiency engines. Heavy duty transmission.

You have a choice of 1.1, 1.3 or 1.6 litre engines.

The 1.1 is derived from the proven and economical Fiesta unit with variable venturi carburettor.

And the 1.3 and 1.6 engines are the entirely new, fuel-efficient Escort units with features like breakerless ignition and hydraulic tappets to reduce maintenance costs.

They go 12000 miles between standard services with only an interim service at 6000 miles. The gearbox can be removed without taking out the engine and Ford parts are competitively priced.

The drive train and brakes are designed to cope with stop go conditions while heavily loaded. And the front wheel drive owes much to experience gained from the Fiesta, so reliability is built-in.

Simplicity pays.

At the back, the independent rear suspension of the car has been replaced by a beam axle and leaf springs.

Although less advanced, this system is better for a van because it gives superior handling with half a ton in the back. And intrudes less into the load space. It's also very simple to maintain.

Incidentally, the wheel base is four inches longer than the car's, which improves weight distribution and increases the load capacity.

A nice place to work.

The cab features the same dash and heating system as the car.

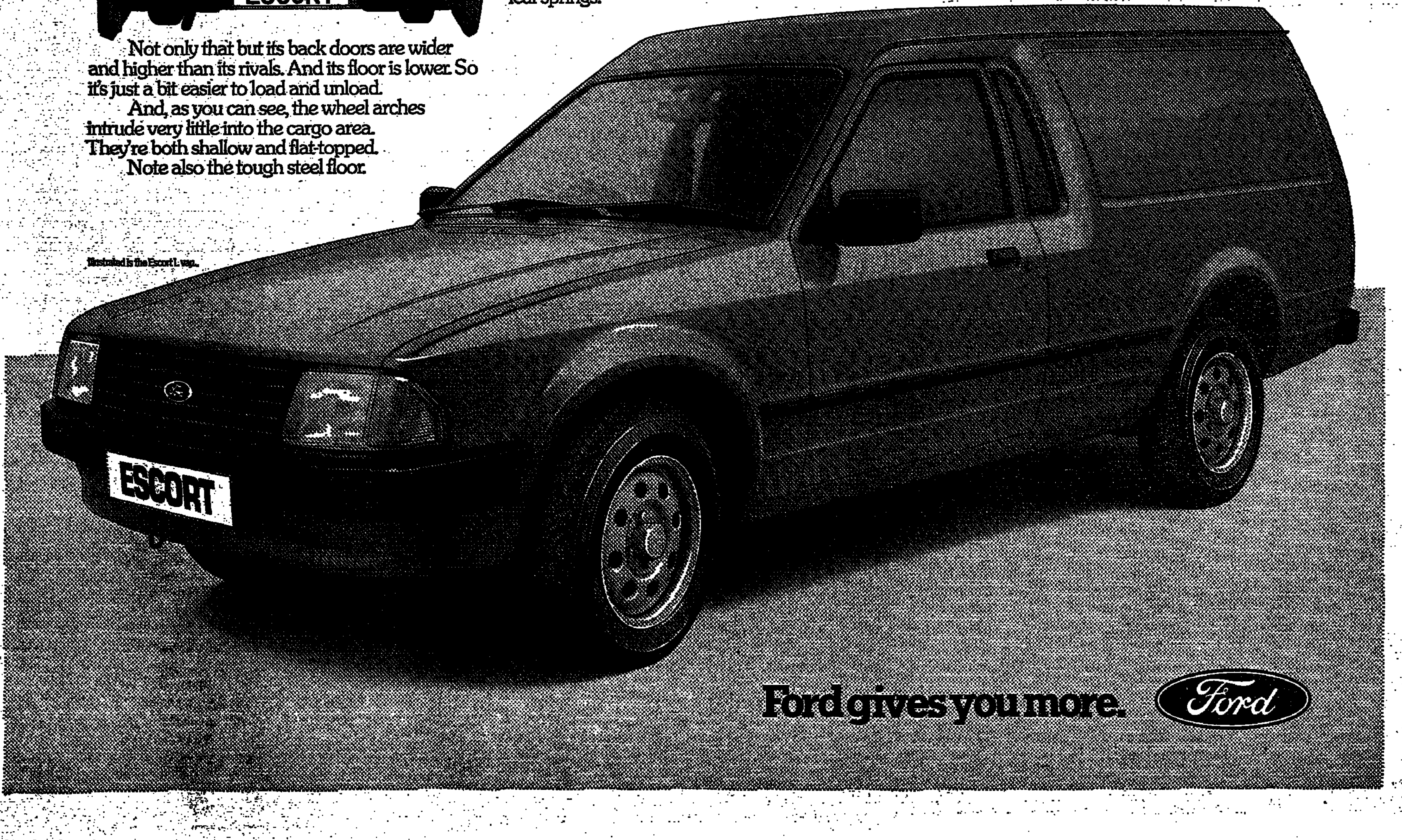
But the seats are upholstered in tough vinyl which is extremely durable.

The additional side windows give much improved visibility for parking.

If you want extra comfort you can order an 'L' version of the van with cloth seats, carpet, centre face level vents, cigar lighter, door bins and intermittent wipe.

You can see the new Escort vans at your Ford dealer now. He'll be pleased to give you more information, plus details of Fleet Leasing and Contract Hire facilities.

The new Ford Escort van.



Illustrated is the Escort L van.

Ford gives you more. Ford

BOND DRAWINGS

REPUBLIC OF AUSTRIA
6¾% Bonds 1982

S.G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,850,000 due 15th March, 1981, has been met by purchases in the market to the nominal value of U.S.$195,000 and by a drawing of Bonds to the nominal value of U.S.$1,655,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

12077 to 12084	12087	12093 to 12104	12108 to 12118	12121 12124
12130 12131	12135	12148 to 12151	12158 12159	12161 to 12170
12174 to 12187	12191 to 12262	12265 to 12271	12273 to 12298	12300 12301
12304 to 12308	12325 to 12341	12343 to 12345	12353 12354	12359 to 12362
12367 to 12384	12432 12433	12438 to 12454	12456 to 12494	12500 12505
12509 to 12514	12518 to 12524	12527 to 12535	12537 to 12542	12558 12559
12563	12576 to 12580	12593 12600	12620 to 12622	12664 to 12667
12673 to 12678	12689 13846	13847 13854	13864 to 13878	13885 to 13889
13897 13899	13903 13904	13908 to 13910	13951 to 13962	13971 to 13982
13993 14019	14020 14030	14033	14035 to 14039	14050 14051
14060 to 14084	14178	14181 to 14188	14206 14207	14259 14260
14263 14265	14266 14283	14284 14286	14287 14302	14312 to 14323
14344 to 14353	14356 14357	14365 to 14370	14391	14402 to 14405
14410	14417 to 14419	14483 to 14487	14495 to 14513	14543 to 14545
14574 14584	14585	14589 to 14593	14595 to 14615	14621 14631
14632	14644 to 14657	14662 to 14666	14670 to 14678	14680 to 14698
14702 to 14722	14728 to 14730	14739 14740	14742 to 14750	14752 to 14781
14783 to 14797	14805 to 14809	14815 14816	14819	14825 to 14849
14882 to 14899	14940 to 14944	14950 to 14952	14960 14961	14968 14969
15000 to 15003	15014	15018 to 15023	15032 to 15034	15044
15055 to 15115	15137 to 15140	15143 to 15147	15149 to 15151	15153 to 15171
15174 to 15182	15184 to 15194	15200 to 15212	15214 to 15244	15247 to 15262
15268 15269	15274 to 15280	15290 to 15329	15333	15335 to 15337
15339 15345	15348 to 15354	15357 to 15369	15373 to 15379	15382 to 15387
15394	15400 to 15402	15407 to 15420	15433 to 15455	15457 15458
15490 to 15521	15527 to 15531	15533 to 15541	15548 15549	15555 to 15559
15565 to 15569	15575 to 15579	15582 to 15620	15622 to 15642	15644 to 15649
15665 to 15670	15675 to 15679	15701 to 15712	15716 to 15730	15732 to 15750
15752 to 15763	15765	15768 to 15784	15789 15790	15794 to 15799
15805 to 15814	15819 15823	15825	15828 to 15836	15866 15872
15886 to 15893	15895 to 15914	15923 to 15948	15952	15960 to 15964
15968 to 15970	15979	15996 to 16009	16011 to 16022	16027 16028
16038 to 16042	16046 to 16059	16082 to 16084	16086 to 16185	16187 16188
16190 to 16192	16194 to 16199	16202 to 16205	16207 to 16223	16229 to 16239
16247 to 16253	16259 16260	16268 to 16288	16290 to 16308	16310 to 16340
16363 to 16379				

On 15th March, 1981, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date, at the office of:—

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th March, 1981. Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$2,150,000 nominal Bonds will remain outstanding after 15th March, 1981.

The following Bonds previously drawn for redemption on the dates given below, have not as yet been presented for payment.

15th March, 1975

09782 09783 09889 09896 10142 10143 10273 10274 10365 to 10367
10391 to 10399 10604 10605 10626 11135 to 11138

15th March, 1976

00018 to 00020 00494

15th March, 1977

20019 20020 20568 20569 20675

15th March, 1978

03088 03653 03729 04892 04898 04899 04918 04923 04924

15th March, 1979

07151 07220 07575 07605 07770 08320 08323 11197 11202 11203
11354 11355 11956 11957

15th March, 1980

00868 00980 01184 01301 01317 01318 01320 01464 01465 01522
01568 to 01573 01579 to 01583 01592 01593 01674 02081 to 02093
02356 18036 18055

30, Gresham Street, London EC2P 2EB — 13th February, 1981

NEW ZEALAND
6¾% Sterling/Deutsche Mark Bonds 1982

S.G. WARBURG & CO. LTD., announce that Bonds for the nominal amount of £551,700 have been drawn in the presence of a Notary Public, for the redemption instalment due 14th March, 1981.

The numbers of the Bonds drawn are as follows:—

£450 Bonds

7056 to 7112	7140 7142	7152 to 7154	7157 to 7160	7163 to 7166
7191 to 7205	7208 to 7212	7228 to 7230	7243 to 7246	7262 to 7266
7269	7272 to 7284	7290 to 7292	7346 to 7358	7397 to 7400
7433 7434	7440	7459 to 7565	7569 to 7602	7611 to 7615
7619 to 7624	7633 7634	7654 7655	7684 7708	7713 to 7715
7722 7724	7726 to 7739	7747 to 7750	7765	7820 to 7822
7837 7838	7840 to 7844	7847 to 7861	7864 to 7867	7881 to 7887
7897 to 7906	7912 to 7916	7943 7944	7956 7968	7969
7980 to 7986	8017 8020	8021 8024	8034 to 8042	8047 8051
8052 8058	8060	8064 to 8069	8080 8081	8093 to 8117
8164 to 8186	8193 to 8197	8201 to 8203	8230	8246 to 8268
8297 to 8301	8305 to 8307	8373 to 8387	8390 8391	8395
8397 to 8402	8409 8410	8424 to 8454	8462 to 8464	8466 to 8470
8473 to 8475	8483 8484	8487 8494	8497 8500	8509 8518
8519	8521 to 8523	8526 to 8533	8536 to 8544	8608
8626 to 8632	8647 8648	8657 8661	8662 8664	8701 to 8705
8717 8720	8723 to 8731	8738 8750	8751 8787	8790 to 8799
8808 8809	8815 8891	8894	8896 to 8898	8902 to 8909
8912 to 8915	8926 to 8939	8941 8944	8959 to 8965	8971 8977
8978	8981 to 8986	9010 to 9032	9036 9038	9053 to 9064
9071 to 9074	9082	9094 to 9122	9128 to 9151	9153
9156 to 9161	9177	9203 to 9272	9274 to 9276	9306 to 9308
9313 to 9319	9322 to 9329	9335 to 9345	9354	9360 to 9367
9386 to 9389	9392 to 9395	9398 to 9401	9403 to 9425	9430 to 9435
9437	9441 to 9443	9446 to 9476		

£90 Bonds

20938 to 21049	21051 to 21179	21191	21195 to 21199	25547 25548
25550 25552	25553	25563 to 25566	25568 to 25570	25610 to 25616
25629 25630	25633 to 25646	25663 25664	25673 to 25680	25682 to 25701
25706 to 25715	25719 to 25729	25733	25744 to 25828	25849 to 25882
25899 to 25936	25939 to 25947	25954 to 26062	26064 to 26111	26155 to 26157
26225 to 26229	26245 to 26258	26394 to 26434	26436 to 26442	26474 to 26480
26488 to 26493	26495 to 26501	26539 to 26554	26556 to 26618	26623 to 26661
26663 26665	26668 to 26672	26675 to 26681	26688	26690 to 26692
26701 to 26703	26714 to 26731	26734	26762 to 26768	26770 to 26779
26785 to 26789	26791 to 26826	26835 to 26843	26865 to 26963	26970 to 26977
26982 26983	26987 to 27000	27002 to 27004	27007 27008	27011 to 27015
27028 to 27030	27045 to 27047	27051 to 27053	27060 to 27069	27074 to 27076
27078 27079	27081 to 27085	27091 to 27093	27116 to 27156	27160 to 27188
27219 to 27221	27225 to 27238			

On 14th March, 1981, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 14th March, 1981. Bonds so presented for payment must have attached all coupons maturing after that date.

£579,600 nominal Bonds will remain outstanding after 14th March, 1981.

The following Bonds previously drawn for redemption on the dates given below have not as yet been presented for payment:—

14th March, 1979

£90 Bond No: 17222

14th March, 1980

£90 Bond Nos: 15576 to 15577

30, Gresham Street, London, EC2P 2EB — 13th February, 1981

THE MORTGAGE BANK OF THE KINGDOM OF DENMARK
5⅝% Bonds of 1964 Series XIX

S. G. WARBURG & CO. LTD., announce that the annual redemption instalment of U.S.$800,000 has been met by purchases in the market to the nominal value of U.S.$296,000 and by a drawing of Bonds to the nominal value of U.S.$504,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

7077 7078	7111 to 7120	7139 7141	7143 to 7145	7147 7148
7150 to 7152	7159	7163 to 7186	7188 to 7194	7196 to 7215
7221 to 7225	7231 7236	7237 7254	7280 to 7294	7300 to 7309
7314 to 7316	7318	7322 7323	7354 to 7356	7369
7371 to 7375	7381 to 7390	7411 7412	7416 to 7420	7423 7424
7467 to 7470	7472 to 7475	7477 to 7484	7498 to 7503	7505 to 7507
7510 to 7515	7517 7518	7520 to 7522	7526 7527	7528 to 7531
7534	7536 to 7564	7556 to 7575	7606	7609 to 7617
7621 to 7630	7636 to 7670	7674 to 7685	7716 to 7736	7769 to 7777
7801 7825	8167 to 8175	8258 8265	8275 8294	8295 8316
8317	8332 to 8335	8351	8356 to 8360	8371 to 8376
8393 to 8405	8426 to 8430	8442 8443	8457	8466 to 8474
8486 to 8489	8492 to 8494	8520	8536 to 8538	8540
8556 to 8562	8584 8585	8602	8614 to 8618	8628
8636 to 8641	8654 to 8669	8681 8682	8685	8691 to 8711
8713 to 8715	8731 to 8752	8760 8761	8763 8764	8765 to 8773
8775 to 8782	8784 8790			

On 15th March, 1981, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & Co. Ltd.,
30, Gresham Street, London EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th March, 1981, and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$2,400,000 nominal amount of Bonds will remain outstanding after 15th March, 1981.

30, Gresham Street, London EC2P 2EB — 13th February, 1981

WORLD TRADE NEWS

Colin Chapman in Sydney reports on a new era in the Australian motor industry

Rising sun scorches traditional car makers

THE NEW car model now coming off the assembly lines of Ford Australia's plant in Sydney symbolises the end of an era for the local motor industry.

It is the Laser, the Australasian version of Ford's new small car. But unlike the vehicles cruising up and down British and German motorways, it is not based on the Cologne-Halewood Ford Escort, but on the Mazda 323 from Toyo Kogyo in Japan.

After half a century under U.S. and European domination, Australia's motor industry is now firmly in Tokyo's grip, with all four local manufacturers taking their designs and sourcing most of their components from Japan.

A little over a decade ago the prospect of such a total transformation occurring was unthinkable.

Detroit's twin giants, General Motors and Ford, had a seemingly unassailable position in the market place: General Motors-Holden's alone had 30 per cent to itself. Chrysler and British Leyland were embarking on aggressive new marketing tactics: BL had launched its first all-Australian car the LC-10, and the Mini and derivatives of the Austin 1100 and Maxi were selling well.

Now both BL and Chrysler have all but gone. Apart from producing Mini Mokes, BL is reduced to an importer. Chrysler last year sold out to Mitsubishi, which immediately set out to make a success of the very areas in which Chrysler had failed, with registrations climbing 16 per cent. General Motors and Ford could manage only 42 per cent between them, with General Motors' share down to 27.6 per cent.

By contrast the Japanese, with only about 10 per cent of the market in 1970 and facing a 35 per cent tariff, later increased to 57.5 per cent, have manoeuvred themselves into a situation where last year over half (56 per cent) the cars sold in Australia were either imported from or designed in Japan. As a result of the Ford decision to tie up local manufacture with Japanese sourcing, that figure in 1985 should be at least 75 per cent, and could be as high as 85 per cent.

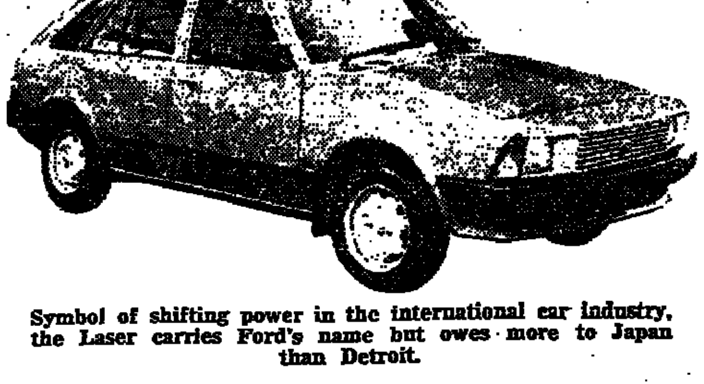
How have the Japanese done it? Ford's Australian chief, Sir Brian Inglis unashamedly admits that in the automotive world today Japanese is best.

"We see a country," Sir Brian recently told the Society of Automotive Manufacturers, "that has taken the industrial systems developed by Europe and the U.S., and, through comparative analysis and adaption to their own workforce culture, improved on the source model. Not by a small margin, but in great leaps.

"Better productivity and imaginative supply systems, a spectacular harnessing of the total energy of their workforce, an unbelievable achievement in inventory control, and dedication to quality unsurpassed anywhere in the world—this is the significant new factor in the world of automobiles."

The Japanese have also pitted their skills of diplomacy, at both Government and corporate level, against the competition. First Toyota and Nissan, Japan's two largest automakers, introduced local assembly to Australia, on an arrangement which allowed them to bring in a number of other models, not assembled in Australia, fully imported at reduced tariffs.

Then, as pressure on them mounted, at both industrial and Government level, they moved to full-scale manufacture on a similar basis. Both are now committed to huge investment plans totalling at least £700m with Nissan planning to use Australia as a major source of front-wheel drive engines for assembly in other countries. Toyota, too, is to develop an aluminium foundry to make engine blocks and cylinder heads, reflecting Australia's role as the growth centre of the aluminium industry.



Symbol of shifting power in the international car industry, the Laser carries Ford's name but owes more to Japan than Detroit.

Both General Motors Holden and Ford reacted by developing closer links with Japan. GMH's Gemini, a four-cylinder saloon with other derivatives, has 27 per cent of the company's production, and is sourced from Isuzu in Japan. Isuzu, 34 per cent owned by General Motors, is also building GM's new front-wheel drive J car, which will be introduced in Europe and Australia later this year. GMH in Australia also introduced a four-wheel drive car, the Rodeo, which is another Isuzu product.

Ford, the last of the manufacturers in Australia to forge links with Japan, will follow the launch of the Laser—with the replacement of the Europe-based Cortina by a new front wheel drive saloon, again derived from a Mazda.

The Japanese are making similar inroads in commercial vehicles. In the light commercial class Japanese source vehicles hold about 35 per cent of the market, in four-wheel drive vehicles 40 per cent, and in one- to two-tonne trucks, over 75 per cent.

European local assemblers, Volvo and Renault, hang on, but Volkswagen has seen its market share dwindle. High tariffs make the Golf so uncompetitive that only the diesel is imported, with an on-the-road cost of over $5,000, a high price in a country the average four cylinder saloon costs about $3,000.

Is the Australian market, which after all only amounts to about 600,000 cars, worth the trouble? The Japanese clearly think so, for registrations are buoyant, while in many countries they are depressed. Another factor seems to be Australia's political stability, low energy costs, access to raw materials, and increasingly competitive labour rates.

GEC sweeps up £28.5m Canadian contract

By Hazel Duffy

GEC HAS won a C$80m £28.5m) order to supply two 375 MW turbine generator sets to Calgary Power in Canada's Alberta Province.

The order was won against stiff competition from Hitachi, the Japanese electricals and engineering group, which had supplied the first two generator sets to the Keephills power station, near Edmonton, Alberta.

GEC factories at Stafford, Trafford Park and Rugby will gain work as a result of the order, and it is hoped that some work will go to the Larne factory in Ulster.

GEC has already competed for several major contracts for two other power stations operated by Calgary Power, but lost to Hitachi on the first Keephills contract 30 months ago.

Mr. Bob Davidson, managing director of GEC Turbine Generators' said yesterday that "the significance of this latest order is that we have got back the customer, which can be very difficult once the Japanese have secured a foothold."

The order also compensates for the uncertainties about a Greek power station order which GEC had been hoping to win. The Greek requirements are no wexpected to go out to international bids instead of a negotiated contract as had been envisaged previously.

Work on the Keephills units is scheduled for completion i nmid-1985 and 1986. A loan to Calgary Power to finance the purchase has been arranged by Schroder Wagg and this will be guaranteed by the Export Credits Guarantee Department.

Exports now account for nearly 80 per cent of GEC Turbine Generators' £800m order book.

More trouble over China deals

BY ROGER BOYES IN BONN

CHINA IS reviewing and may well suspend three major chemical plant projects being built by Lurgi, the West German engineering group, at a cost of several hundred million Deutechemark.

Lurgi executives said yesterday that a Chinese team would arrive in Frankfurt next week to discuss the future of the plants, which include methanol and and aromatics production units. In the light of the recent wave of Chinese cancellations and postponements of foreign projects, Lurgi believes the Chinese team is likely to do one of two things: postpone final assembly of the plants for some 3-5 years or cancel the projects altogether.

The orders for the plants—as well as for a coal gasification plant and another aromatic project that are expected to continue—were booked at the end of 1978. Although the company is reluctant to put an exact figure on the value of the contracts, officials put the total sum at well over DM 500m (£100m). All the engineering work had been completed and the bulk of plant deliveries had been carried out—the plants were due to come on stream in two or three years time.

The contracts will run normally until the Chinese team makes clear what its intentions are next week.

West German businessmen involved in China trade were saying yesterday that this sudden flood of cancellations would seriously undermine German confidence in the Chinese market. While it had been clear for some time that Peking was about to embark on a comprehensive policy of economic retrenchment—and would in future favour smaller projects—it was not expected in Germany that existing contracts would be broken off with quite such thoroughness.

While work on the suspended Schloemann Siegmag consortium rolling mill order for Baoshan had scarcely begun, the Lurgi projects are well advanced.

Thus Lurgi is expecting compensation to be high on the agenda next week should the Chinese decide to cancel.

Upturn forecast in chemical fibres industry

BY CHARLES BATCHELOR IN AMSTERDAM

THE CHEMICAL fibres industry in Western Europe can expect a marked upturn in its markets in the second half of this year, according to Enka, the fibres division of the Dutch Akzo chemicals group.

Enka, in its annual review, said it was hopeful that signs of recovery in the U.S. economy meant that pressure for American fibre companies to export their production would decline slightly. European manufacturers must expect, however, that a certain level of exports from the U.S. of both chemical fibres and textiles will continue.

Profits could improve in the second half of 1981 as relative costs are reduced and price levels recover. Even so, pressure on the profitability of European companies will remain for a number of years, Enka warned.

The cost of energy and raw materials is expected to rise while imports into Europe of textiles and clothing, mainly from low-wage countries, will continue to rise strongly.

"A further reduction in manufacturing capacity for synthetic fibres is an absolute necessity," the company said. If this does not happen, the industry can expect to have 600,000 tonnes of excess capacity for synthetic filament yarns and staple fibres for textiles and carpets by 1985.

The resultant losses from the under-use of capacity and pressure on prices would cause irreparable damage to profits, Enka forecast.

Imports of textiles and clothing into the EEC increased by 18 per cent and 8 per cent in volume in 1979 and 1980 respectively. The European chemical fibres industry increased its exports by 15 per cent to compensate for the collapse of its home market, but production still had to be cut by 10 per cent. Last year was once again "a year of crisis" for the industry.

World production of fibres fell by 2 per cent to 14.2m tonnes in 1980. A 6 per cent rise in "the rest of the world" was unable to make up for declines in Europe. The U.S. (−7 per cent) and Japan (−1 per cent). Production of cellulose-based fibres fell by 1 per cent while synthetic fibres fell by 3 per cent.

Western Europe accounted for 21 per cent of world chemical fibre production last year compared with 25 per cent in 1975. The U.S. accounted for 27 (28) per cent, Japan for an unchanged 13 per cent and other countries for 39 (34) per cent.

Call for joint ventures in Middle East

BY PAUL CHEESERIGHT

BRITISH COMPANIES have been told that if they wish to maintain or expand their markets in the Middle East, they must be prepared to take part in more joint ventures with local companies.

This theme has been taken up with increasing insistence twice in the last two days by the Duke of Kent, vice-chairman of the British Overseas Trade Board, speaking in Kuwait, and by Mr. Cecil Parkinson, the Minister for Trade, speaking in London about Saudi Arabia.

● "If British companies are to enjoy the fruits of doing business with Kuwait, they must also be prepared to co-operate in achieving its long-term goals. They must be ready to join in, for example, local joint venture manufacturing operations," the Duke of Kent said.

● "In many sectors, exporting will not be enough. The trend is for local manufacture. The UK must be willing to enter joint ventures, to share its skills. There are golden opportunities in the new Saudi Arabian Development Plan," Mr. Parkinson said.

Both remarks stem from an awareness that traditional selling techniques are no longer adequate, because of higher levels of industrial development attained in the region and because of growing local concern to foster domestic business.

So far the UK performance in setting up Middle East joint ventures has been patchy.

Both the Gulf and Saudi Arabia play a major role in British exporting. Last year over £1bn of sales were made in the Gulf and exports to Saudi Arabia were worth £1.05bn.

Europe port traffic reflects oil import fall

BY WILLIAM HALL, SHIPPING CORRESPONDENT

TRAFFIC through Europe's major ports fell by 4.1 per cent last year, mainly because of a sharp drop in oil imports. However, container traffic continued to grow and coal traffic is becoming increasingly important.

Crude oil traffic through Rotterdam, the world's biggest port and Europe's main oil terminal, fell by 17.1 per cent to 116.6m tonnes. This was the sharpest fall since 1974, when crude oil traffic fell by 22.3 per cent from its all-time peak of 169.3m tonnes in 1973.

At Marseilles, Europe's second biggest oil port, oil traffic was down 7.9 per cent and at Genoa it was down 12.6 per cent. But the decline in oil traffic has been offset to some extent by a sharp increase in coal imports. At Rotterdam, coal traffic rose by more than a fifth to 21.3m tonnes.

A number of ports are starting to invest heavily in new equipment and berths to handle the expected surge in steam coal imports in the 1980s. Marseilles is investing $20m (£8.5m) initially, to increase its coal traffic capacity and this could rise to $140m over the next decade.

Generally, those ports most dependent on oil suffered a bigger decline in overall traffic. At Le Havre, traffic through the port fell by 10.3 per cent last year and at Genoa it was down by 8.6 per cent.

By contrast, Hamburg's overall traffic was virtually unchanged last year and both Antwerp and London showed marginal increases, according to provisional figures

Despite the world recession, general cargo traffic through Europe's main ports has been rising. At Marseilles it was up by 11.8 per cent at Genoa and Rotterdam it was up 5.8 per cent and at Hamburg it was up 3.7 per cent.

EUROPEAN PORT TRAFFIC—1980

	m. tonnes	Change (%) over 1979
Rotterdam	277.5	− 5.2
Marseilles	103.7	− 5.2
Antwerp	82.0*	+ 2.5
Le Havre	79.0	−10.3
Hamburg	63.1	− 0.2
Genoa	51.0	− 8.6
London	49.1	+ 1.0
Dunkirk	41.2	+ 1.0
Total	746.6	− 4.1

The New Datsun Cherry

3-DOOR GL HATCHBACK **£3,196**

No other car gives you so much for so little

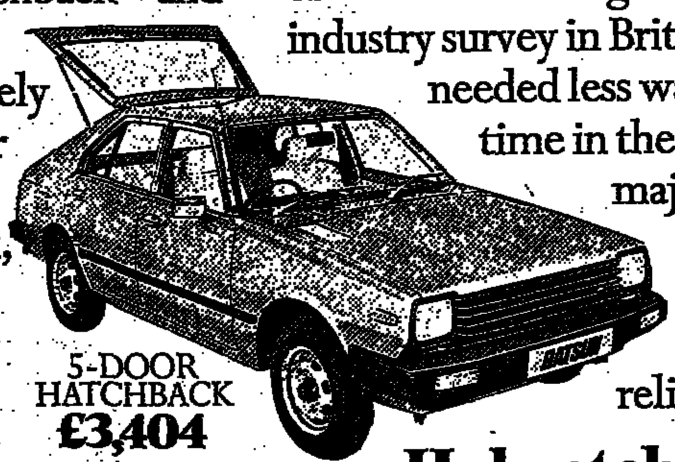
At Datsun, we've taken the Cherry – Britain's best-selling traditional imported hatchback – and given it a stylish new look for 1981.

The front of the car has a completely redesigned grille and new rectangular halogen headlights.

The bumpers, both front and back, are wider and more 'wrap-around'.

The rear light cluster has been restyled. And the black protective side moulding is much broader.

There is, however, one thing that hasn't changed – the Cherry's unbeatable value for money and reliability. Indeed, the new Cherry 3-door 1.0 GL costs just £3,196. There is, quite simply, no other car that gives you so much for so little money.



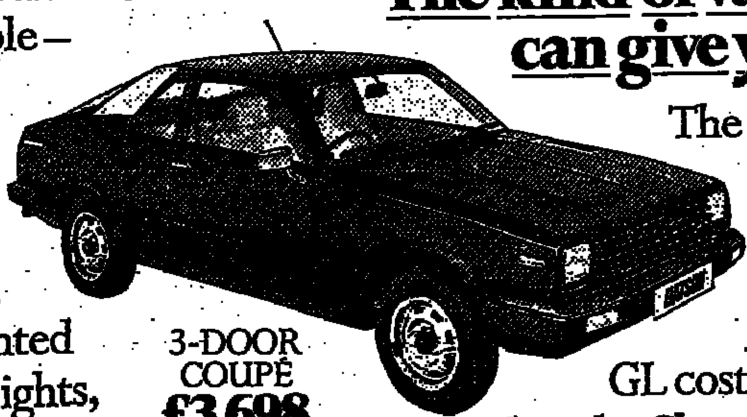
5-DOOR HATCHBACK **£3,404**

5-DOOR ESTATE **£3,515**

The new Cherry has more than 30 'plus' features

Other manufacturers are currently trying to tempt you with special offers or stripped-down prices for stripped-down cars which have hardly any features at all. And yet none of them can match the new Cherry's remarkable value for money. Take just one example – the 3-door Cherry GL hatchback has more than 30 built-in features that other manufacturers leave out in the scramble to produce a 'cheap' car.

Features such as cloth upholstery, fitted carpets, reclining front seats, tinted glass, heated rear window, reversing lights, quartz clock, push-button radio, servo assisted brakes and so on – all of which we believe are essential for safer, more comfortable motoring.



3-DOOR COUPE **£3,698**

The most reliable economy car in Britain

When you buy a new Datsun Cherry, you get one other priceless 'extra' which no other manufacturer can offer – a uniquely reliable car.

Datsun reliability has been proved by millions of motorists throughout the world. A major industry survey in Britain found that Datsuns needed less warranty work and spent less time in the workshops than any other major make of car – including Volvos, Mercedes, Volkswagen, etc. In short, Datsuns are the most reliable cars on the roads today.

Unbeatable economy

The new Cherry 5-speed coupé gives you up to a genuine 46 mpg. And, of course, Datsun saves you money in another important way – because of Datsun reliability, you'll make considerable savings on repair bills and expensive workshop time.

So, with a Cherry, you'll get a low price, better fuel economy and lower running costs – unbeatable!

The kind of value only Datsun can give you

The new Cherry is easily the best-equipped car in its price range. In fact, no other car can match it.

Just look: the Fiesta 1.1 GL costs £3,969 – £773 more than the Cherry GL! The VW Polo GLS costs £3,936 – over £740 more. The Renault 5TL costs £3,536 – over £340 more. And so it goes on – no one can beat the Cherry for value!

Datsun quality

Datsun cars are built by the most sophisticated fully-computerised techniques. Indeed, the same impressive technology that Datsun used to build space rockets for launching satellites goes into building the new Cherry.

And Datsun go to great lengths to ensure that every car is comprehensively checked twice before it leaves the factory. For every five Datsun workers there is one Datsun quality control inspector.

Standard Equipment	CHERRY 1.0GL 3DR	FIESTA 1.1GL	POLO GLS	RENAULT 5TL 3DR
PRICE	£3196	£3969	£3936	£3536
HAZARD WARNING LIGHTS	YES	YES	YES	YES
TWO SPEED WIPERS	YES	YES	YES	YES
ELECTRIC WASHERS	YES	YES	YES	YES
HEATED REAR WINDOW	YES	YES	YES	YES
DIPPING INTERIOR MIRROR	YES	YES	YES	YES
RADIAL TYRES	YES	YES	YES	YES
CLOTH UPHOLSTERY	YES	YES	YES	YES
RECLINING FRONT SEATS	YES	YES	YES	YES
REVERSING LIGHTS	YES	YES	YES	YES
HANDBRAKE WARNING LIGHT	YES	YES	YES	YES
SIDE WINDOW DEMISTERS	YES	YES	YES	YES
HINGED LUGGAGE COVER TO REAR SEAT	YES	YES	YES	YES
HEAD RESTRAINTS	YES	YES	YES	–
QUARTZ CLOCK	YES	YES	YES	–
CIGARETTE LIGHTER	YES	YES	YES	–
LIDDED GLOVE BOX	YES	YES	–	–
STYLED ROAD WHEELS	YES	YES	–	YES
CENTRE CONSOLE	YES	YES	–	YES
FITTED CARPETS FRONT & REAR	YES	YES	YES	–
PROTECTIVE SIDE MOULDING	YES	YES	YES	–
CHOKE WARNING LIGHT	YES	NA	YES	YES
TRIP METER	YES	YES	YES	–
HALOGEN HEADLIGHTS	YES	YES	–	–
TINTED GLASS	YES	–	–	–
LOCKABLE FUEL FILLER LID	YES	–	YES	–
FITTED RADIO	YES	YES	–	–
INTERIOR TAILGATE RELEASE	YES	–	–	–
3 SPEED FAN ON HEATER	YES	–	–	–

Government Fuel Consumption Tests – MPG (Litres per 100 kilometres)
1.2 Litre Coupé – Constant 56 mph (90 km/h) 46.3 (6.1). Town Driving Cycle 32.8 (8.6). Constant 75 mph (120 km/h) 32.1 (8.8). 1.2 Litre Estate – Constant 56 mph (90 km/h) 46.3 (6.1). Town Driving Cycle 30.4 (9.3). Constant 75 mph (120 km/h) 32.8 (8.6). 1.0 Litre 3-door Hatchback – Constant 56 mph (90 km/h) 44.8 (6.3). Town Driving Cycle 32.8 (8.6). Constant 75 mph (120 km/h) 30.7 (9.2). 1.2 Litre 3- & 5-door Hatchbacks – Constant 56 mph (90 km/h) 44.8 (6.3). Town Driving Cycle 30.4 (9.3). Constant 75 mph (120 km/h) 32.8 (8.6).

The continuing Datsun success story

Already, more than 700,000 motorists in Britain have bought Datsuns. And for the 7th successive year, Datsuns are the leading traditional imported cars in this country!

The reasons for this record are simple. Datsun give the British motorist exactly what he wants – reliability, economy, value and quality. All of which, of course, you'll find in the new Datsun Cherry.

See the new Cherry range at your Datsun dealer now!

DATSUN

The most reliable cars on the road today

CHERRY: 3 DOOR 1.0 L £2,906 – 3 DOOR 1.0 GL £3,196 – 5 DOOR 1.2 GL £3,404 – 5 DOOR 1.2 GL ESTATE £3,515 – 3 DOOR 1.2 GL COUPÉ £3,698.

DATSUN

Prices quoted are correct at time of going to press. Datsun prices quoted are ex-works and include special car tax, VAT, inertia reel seat belts and driver's door mirror. DATSUN U.K. LIMITED, DATSUN HOUSE, NEW ROAD, WORTHING, SUSSEX. TEL: WORTHING (0903) 68561.

UK NEWS

State response to industry attacked by Dunlop chief

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A DAMMING attack on the way the Government handles its relationships with industry was delivered last night by Mr. Alan Lord, a former senior civil servant who is now managing director of Dunlop Holdings.

Stressing that companies needed speedy responses when they took problems to Government Departments, he said the level of understanding was often not adequate. Civil servants' responses tended "to the over-intellectual if not, indeed, at times to pure sophistry."

Discussions with governments on matters of immediate and practical importance really could seem quite interminable, Mr. Lord said.

He was a senior official at the former Department of Trade and Industry and a Second Permanent Secretary at the Treasury till he joined Dunlop three years ago.

"Life is about action and reaction and 17 sharp arguments do not invariably make a convincing case, especially if their tone is negative," he said.

"The least attractive response to any proposition is that it is unacceptable because it cannot be demonstrated to be 100 per cent foolproof in perpetuity."

Mr. Lord was careful to say that some of his remarks were based on his own experience when employed in Whitehall. But the strength of feeling in his remarks showed that he has been seriously frustrated while at Dunlop, which has had a series of negotiations with the Government on aid and other matters in the past two years.

"I really cannot emphasise too much that an answer is *right only if it is given at the* right time," he said. "And if a week is a long time in politics, 20 months is a great deal longer in business."

In order to try to correct some of the negative impact of the Government on industry, Mr. Lord said that Ministers ought to do more to assess the impact of non-industrial policies in industry. The Departments of Trade and Industry also ought to be merged.

latest in the series of Royal Institute of Public Administration lectures on Government and Industry.

Under the title of "view from the bridge," a reference to links between Government and industry, Mr. Lord specially stressed the role of the profit-motive for the businessman.

Since joining Dunlop he has become keenly aware that it is the constant awareness of this motive that distinguishes the civil servant from the businessman, and that a lack of mutual understanding about such issues is part of the cause of the failure of communication.

"I am trying to convey an attitude to profit and the continuing tensions which responsibility for profit create in any self-respecting company manager," he said.

Such a manager was "acutely sensitive to his company's results and in the short term the key-notes for him are a sense of urgency in analysis and reaction."

It was this that made the relationship between Government and industry most often defective because a company wanted a speedy response when it went to Whitehall.

Part of the problem was an information gap in the Civil Service which was partly the fault of industry and its trade associations.

But the lack of understanding in Whitehall seemed to lead civil servants to ask for more and more data because the only way of testing the proposal was to look for internal inconsistencies.

Murdoch held to qualified victory on Times jobs

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. RUPERT MURDOCH has won some, lost some more, in his three weeks of negotiations with Times print unions. The savings are not insignificant, but they are not nearly as much as he wanted.

Most important in terms of cost savings are the staffing reductions totalling more than 600, including 100 part-time workers. In some areas, these are not wholly clear: in many, final ratification depends on chapel (union office branch) meetings today or at the weekend. Overall, however, it would appear that Mr. Murdoch has cut from the weak where he could, and left the strong alone.

The largest union at Times Newspapers is the National Society of Operative Printers, Graphical and Media Personnel (NATSOPA) with more than 2,000 members spread over most areas of the paper. *The largest number* of real jobs to be cut is in the general area, where its chapels organise proofreaders' assistants, cleaners, messengers and canteen staff. They total some 500 workers: cuts of around 150 were demanded, and nearly 100 have been conceded.

The 800 NATSOPA clerical workers have, on paper, lost 130 members. In fact, because vacancies stand at 110, only 20 real cuts have been made — and they can go at any time. Like all other workers, however, it will pay them to leave in the next six months, when redundancy at the rate of four weeks for every year of service will be paid.

The large NATSOPA machine assistants' chapels—more than 100-strong at The Times and an army of 625 (including maintenance men) who work one-shift a week at the Sunday Times — have historically been the most militant. Negotiations in both papers' machine rooms are continuing but no one expects more than a few jobs to go.

The National Graphical Association is to lose 186 jobs in the composing room—half its members there — but this had been agreed with the Thomson management in the context of introducing new technology. In the machine rooms, it is in the same position as NATSOPA. The National Union of Journalists is to lose 45 jobs of which four are unfilled vacancies. Of these cuts 15 are at the Sunday Times, 21 at The Times and five at The Times Supplements.

The two non-print unions with substantial memberships in the group are the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union. Twelve jobs will be lost from a total of 120 engineers and 10 from a total of 103 electricians.

Less equivocally, Mr. Murdoch has been able to get agreement on moving the printing operations of the three supplements out of London — though print officials say they can "absorb" these jobs in the newspapers. Mr. Murdoch has said a move could halve the supplements' costs — which presumably means turning their £1.4m loss into profit.

A disputes procedure has also been agreed, though whether *it* means anything will not be known until the first unofficial dispute. It is essentially an agreement to refer all unofficial strikes to a "pyramid" procedure ending in arbitration, in the course of which production continues. The unions have agreed that management need not pay unofficial strikers (as they sometimes have in the past) and that they will be more easily dismissible.

Finally, Mr. Murdoch has won a three-month pay freeze, from October to December. Thereafter, rates will be pegged to those agreed at national level between unions and the Newspaper Publishers' Association. This will produce useful savings.

In summary, Mr. Murdoch will be paying about 600 fewer salaries, has greatly trimmed the bureaucracy, will be able to cut costs on the potentially profitable supplements, has a disputes procedure of sorts and a short pay freeze.

By print unions' standards, that has been an immense concession in 21 days: by his own, he has shown the velvet palm beneath the mailed glove. The test for the battered Times Newspapers will be what both sides make of it.

Architects propose new Thames bridge

BY ANDREW TAYLOR

A NEW pedestrian bridge across the River Thames in London is proposed by Richard Seifert and Partners, the architects.

The bridge would include offices, shops, an ice rink and a main square and would link London Bridge station on the south bank to Billingsgate Market on the north.

The project is modelled on the original London Bridge, on which stood houses and buildings of industry and commerce. The bridge, destroyed in the Great Fire, also provided access to the City.

The City Corporation said yesterday that discussions had taken place between Mr. Richard Seifert and senior Corporation officers, but these had not so far involved council members. Discussions were still at an early stage.

Mr. Seifert declined to comment on the scheme—which would need an Act of Parliament—or to name his client.

It is understood that a major institution is involved.

Hopes for BSC finance plan by end of month

BY JOHN ELLIOTT AND MAURICE SAMUELSON

THE GOVERNMENT hopes to make a joint statement by the end of this month on the financial reconstruction of the British Steel Corporation.

It also hopes to announce a 50-50 venture between the corporation and GKN which would rationalise part of the special steels sector.

This follows the delaying of the main BSC funding announcement earlier this week at the instigation of the Prime Minister. She acted when it was clear that a number of backbench Conservative MPs were lobbying hard on behalf of GKN and other private steel companies.

The companies resent the large sums of public funds which are to be allocated to the state-owned steel industry when private sector concerns, such as Duport and Hadfields, face serious problems.

The Government now hopes that talks between GKN and the corporation will progress far enough in the next couple of weeks to demonstrate that the private sector of the industry has a future, albeit in a restructured form. At the same time, attempts will be made to trim the corporation's overall financial package.

The talks between the corporation and the private sector, code-named Phoenix, are aimed first at creating a joint company combining the corporation's Scunthorpe works and GKN's two-year-old rod mill at Tremorfa, Cardiff.

The Government has been insisting that any new company should reflect greater private control. However, GKN has steadfastly turned down the idea that it should have a 51 per cent shareholding. Although other formulae have been discussed, a 50-50 solution is believed to be most likely.

It remains to be seen whether the merger will involve large-scale pruning of capacity at either plant. GKN's Cardiff mill, which produces steel rods for making wire, reinforced bars, nails and screws, employs more than 2,500 men. It has been operating for two years.

GKN's Brymbo works, near Wrexham, North Wales, would also be associated with BSC in the second stage of the Phoenix project. Three other leading private steel makers would be involved — the Duport mills in South Wales, Round Oak (a Midlands plant jointly owned by BSC and Tube Investments) and Hadfields of Sheffield (part of Lonrho).

These Phoenix discussions are some distance away from completion and, on present plans, will continue into next month.

However, some of the companies are clearly in more of a hurry than the others to see them succeed. Duport Steel, which is reported to be in serious financial difficulties, said last night that the talks had reached "a delicate stage."

Mr. Derek Norton, Hadfields' chairman, has said that action on rationalisation must be taken quickly.

However, Round Oak, which employs 2,000 at its plant in the Midlands, claimed that whether or not Phoenix II arose, it was "in the strongest position out of every private sector company to survive in any form."

British companies 'bright future'

BY OUR INDUSTRIAL STAFF

AN OPTIMISTIC view of British industry's future was given last night by a senior Whitehall civil servant in a speech which included a list of areas where UK companies should succeed.

Sir Peter Carey, Permanent Secretary at the Department of Industry, said change in British industry was inevitable and essential. *But the future, in one* word, was bright. He was speaking in Newcastle upon Tyne.

"Above all, we need to be selective in our development so as to have enough money for steady design and cost improvements that retain a share as the market grows and so close our 'post-development gap,'" said Sir Peter.

Two new technologies that the UK would have to master were micro-electronics and information technology.

"There is a danger that failure to comprehend these technologies will leave us way behind. Failure here would be like failing to adopt the wheel, steam-engines, internal combustion, and traction HP electric motors."

Sir Peter has been a fervent supporter of selective intervention in industry by the State. He delivered his speech at a time when the Government is relaxing its earlier dogmatic opposition to such activity.

His speech also came a few days after the National Economic Development Council broke new ground by publishing an outline list of Britain's possible industrial winners and losers.

Last night Sir Peter *said that* a study by his Department's economists had identified that Britain had advantages in skill-intensive, labour-intensive industries with good industrial relations, often in comparatively small plants, and typically in the engineering industries.

He said: "Looking towards the end of the century, these guiding thoughts point to certain sources of growth of which the following are examples:

"Information technology industries, particularly since the emphasis here is shifting away from mass-produced people-oriented systems-building and software; aerospace; defence equipment; engineering, such as mining equipment; and the so-called 'intelligent' machinery generally.

"Very tentatively one might say that in traditional heavy industry we might expect to see a continued movement away from commodity products like some steels, newsprint paper, and some textile products, towards special alloys, quality papers and chemicals relevant to medicine and agriculture."

Rapid growth could be expected from new activities and products such as those that emerged in the 1970s.

These were electronics developments like Viewdata and Prestel, integrated circuits, and fibre optics; highly innovative chemical products such as new drugs for gastric ulcers and cardiac dysfunction, and perhaps products for cancer therapy from biotechnology; safe insecticide in agriculture; offshore oil equipment; computer-controlled machine-tools, electronic measuring equipment and industrial robots; and the software for all such systems.

In order to compete against newly industrialising countries, advanced nations like the UK would have to offset their cost disadvantages by paying more attention to several factors.

These included redesigning goods for tomorrow's markets; quality; delivery; after-sales service; and the packaged selling of systems.

Ruling on airport dues expected next week

BY OUR LAW COURTS CORRESPONDENT

THE HIGH COURT is expected to rule early next week on the attempt by the British Airports Authority to force 16 foreign airlines to pay increased landing and other dues.

In a four-day private hearing, which ended yesterday, BAA sought an injunction, requiring the airlines to pay the increases imposed last April pending full trial of the dispute.

The airlines have sued the BAA and the Secretary of State for Trade, alleging that the increases, affecting aircraft landing at Heathrow, are excessive and illegal.

The main action is based on two writs, one issued by Pan American and the other by 17 other airlines. The case is expected to come to court in two or three months.

Tinplate imports reach 311,600 tonnes

BY ROBIN REEVES, WELSH CORRESPONDENT

TINPLATE IMPORTS reached 311,600 tonnes last year, nearly 2½ times the 131,600 tonnes imported in 1979. At the same time, UK exports, hit in part by last year's steel strike, fell sharply from 358,500 tonnes to 171,600 tonnes.

The steep deterioration in the import-export balance has been highlighted in a letter to Sir Keith Joseph, Industry Secretary, from Mr. Dafydd Elis Thomas, Plaid Cymru MP for Merioneth and vice-president of the party.

The figures totally demolished the British Steel Corporation's survival plan proposal to reduce drastically its tinplate production capacity, which is centred on South Wales, Mr. Thomas says.

He called for a ban on imports to restore the industry to its traditional profitability, and says the decline in exports suggested strongly that other countries were unwilling to allow their home industries to be wrecked in the same way.

The imports total nearly equalled a year's production from the Velindre tinplate plant, near Swansea, which is due to bear the brunt of the capacity cut with the loss of about 1,600 jobs. Velindre produced 170,765 tonnes in the six months to September.

The Velindre workforce is still refusing any negotiations on the proposed redundancies.

Agreement has just been reached, however, between BSC and the steel unions on axing a further 1,060 jobs at Ebbw Vale. The latest cut will take out of commission the plant's cold rolling mill and central engineering services but will not affect Ebbw Vale's tinplate capacity of 350,000 tonnes a year.

Redundancy negotiations at BSC's other tinplate plant, Trostre, near Llanelli, are continuing. Under the survival plan Trostre and Velindre are due to be operated by a single management.

● BSC's strip-products group revealed that its export orders are running at their highest level for nearly eight years.

Between now and the end of March the group, which includes Port Talbot and Llanwern in South Wales, and Ravenscraig in Scotland, expects to export over 180,000 tonnes, worth well over £30m.

Delta in lubricants deal

FINANCIAL TIMES REPORTER

DELTA LUBRICANTS has concluded a deal to import a range of synthetic lubricants developed by American scientist Robert E. Trites of Dallas.

Under the agreement Delta, a subsidiary of Peat Investments, will have the exclusive distribution rights for the lubricants in all European countries.

The two principal products, which will be marketed under the Delta name, are a synthetic oil recharger and a full synthetic engine lubricant.

Delta says the recharger gives a saving of between 60 per cent and 70 per cent in engine lubrication cost.

Mr. Richard Tarling—once chairman of Slater Walker Securities associate Haw Par Brothers—owns Peat Investments, Delta's parent, together with Mr. Edward Kanter and Mr. Anthony Harrison.

Mr. Tarling, who is chairman and managing director of Delta, said yesterday that "the oil recharger is in effect a full oil change neatly packaged into a ½ litre can."

Dutch altar candlesticks fetch £9,000

SALEROOM

PAMELA JUDGE

GOLD BOXES and European and South American silver sold at Sotheby's in London yesterday for a total of £193,732. A pair of 1649 Dutch altar candlesticks fetched the highest price of £9,000 against a pre-sale estimate of up to £4,000.

An Italian dealer paid £7,000 for a Neapolitan tortoiseshell, mother of pearl and gold pique casket. A 1640 Norwegian cylindrical liddes tankard made £5,500, an oval Swiss three-colour gold and enamel snuff box went for £4,800, and a Bergen cylindrical tankard overlaid with Danish and North German thalers realised £4,400.

Jewels sold in the same rooms fetched £187,420. A pair of diamond single stone earrings of 2.49 and 2.30 cts sold for £10,000. A diamond bracelet fetched £9,000, a circular-cut diamond claw-set in a cluster of champagne coloured brilliant-cut diamonds made £8,000.

On Tuesday evening Sotheby Parke Bernet Monaco held a sale of books in Monte Carlo which realised £114,098.

New services for Prestel

BY ELAINE WILLIAMS

USERS OF Prestel, the viewdata information service run by British Telecom, will be able to order goods and services, pay bills, obtain bank statements and send messages directly through the network by March next year.

Trials on the system, called Gateway, which allows a terminal to link through the Prestel computer to any private computer system, are expected to begin later this year, provided private companies are interested.

Gateway has already undergone trials in West Germany by Bildschirmtext — Germany's equivalent of Prestel. Ten private companies were involved.

It was developed by the UK company, Systems Designers, under contract to Aregon International, the National Enterprise Board subsidiary set up to market viewdata systems overseas.

Systems Designers says Gateway is suitable for organisations needing up-to-date information, such as banks, mail order houses and travel agents.

Banks could allow the use of the system to obtain a statement of credits and debits displayed on the television style Prestel screen. It could be used to authorise credit transfers and changes to standing orders.

The company says that the system could enable Prestel users to place orders with mail order companies directly from their homes.

Gilgate director accepts responsibility

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. CHRISTOPHER Reynolds, a director *of the Gilgate Group* accepted in the High Court yesterday that he and his fellow directors were responsible for defaults by group companies in filing accounts and making annual returns.

But, he told the Vice-Chancellor, Sir Robert Megarry, th directors had been prisoners of circumstances about which they could do little.

The Department of Trade is asking the court to disqualify Mr. Reynolds, an accountant, and two other Gilgate directors, Mr. John Kidd, a solicitor, and Mr. David Lucas, an estate agent, from being involved in the management of any company *because of their* persistent breaches of company law.

The 1976 Companies Act gives the court power to disqualify for up to five years.

Cross-examined by Mr. Donald Rattee QC, for the department, Mr. Reynolds said he had always known of the importance of filing accounts.

Mr. Rattee said Mr. Reynolds had been responsible for 93 defaults relating to accounts and 42 relating toann ual returns.

Mr. Reynolds replied that a large number of his actual or potential convictions for the defaults derived from a common set of circumstances.

He agreed it was a very regretable matter and said the overwhelming responsibility lay with him, rather than with Mr. Kidd or Mr. Lucas, because he had been responsible for accounts.

He considered he had taken all reasonable steps to ensure that the law was complied with. The defaults had resulted from "a *concatenation of circumstances*."

The main matter had been the withdrawal of an audit opinion by Thornton Baker in respect of three Gilgate subsidiaries.

The hearing continues today.

The Government hopes to introduce revised sickness benefits after further consideration of alternatives

Jenkin postpones sick pay scheme

BY RICHARD EVANS, LOBBY EDITOR

MR. PATRICK JENKIN, Secretary *for Social Services*, confirmed last night that the Government has decided to postpone the introduction of a statutory sick pay scheme while further consultations are held.

He said in a Commons written reply that he still intended to proceed with a scheme. But he recognised the importance of devising the fairest method of compensating employers for the statutory payments they would be required to make.

Alternative proposals have been put to him recently, and they deserved careful consideration.

The decision to postpone legislation on the scheme, which was due to have ben included in the Social Services Bill to be published today, was endorsed by the Cabinet yesterday.

There is no prospect of any scheme being introduced by the target date of mid-1982, but Ministers still hope it will be possible to introduce a revised scheme in the next session.

Mr. Jenkin's proposal foundered on the difficulties over compensating employers for the statutory payments they would be required to make *for the* first eight weeks of benefit.

The Confederation of British Industry and representatives of small businesses were among many who pointed out the practical drawbacks of the scheme.

Ministers will have to decide how best to make savings in manpower in other fields. Had it been introduced, the sickness scheme would have released 5,500 civil servants.

Second thoughts on controversial proposal

BY ERIC SHORT

THE GOVERNMENT would appear to be having second thoughts on its proposals to make employees responsible for payments to employees during the early weeks of sickness.

Last spring the Government proposed that the responsibility for paying sickness benefits was to be transferred from the social security system to employers for the first eight weeks of sickness, paying a statutory *minimum weekly benefit*.

Employers were to be compensated by a 0.6 per cent reduction in the employers' National Insurance contributions.

The proposals aroused considerable opposition, but employers were broadly in sympathy with the Government's aims. Its proposals would have brought sickness benefits easily within the tax system, would have saved on public expenditure and cut civil servants jobs.

Employers' opposition was based on the cash flow problems that would arise in times of severe financial pressure while manufacturing industries, with higher than average sickness, would not be compensated by the NI reduction.

The Confederation of British Industry, the Engineering *Employers* Federation and other employer organisations put up their own versions to overcome these objections.

The essential feature of the alternatives was that employers should offset the cost of sickness payments against their monthly remittance of NI contributions, with arrangements to carry forward any shortfall in the event of very heavy sickness payments in a particular month.

The CBI claims that its proposals would meet the Government's objectives in full.

The initial reaction of the Department of Health and Social Security was, according to the CBI, very unfavourable. The DHSS argued that, for public accountability reasons, it would need to check on every repayment, thus reducing or eliminating the intended savings.

The Department said that since such schemes would not include any financial incentive for employers to control payments, the opportunities for fraud would be increased and there would be a time lag on checking validity.

The DHSS was yesterday not prepared to add to Mr. Jenkin's statement. But two weeks ago, Mr. Jenkin in replying to an All Party Select Committee's review *of the scheme*, was highly critical of the CBI scheme. He said it lacked both financial control and any significant savings in costs and manpower.

The CBI countered by stating that sample checks could guard against abuse, but admitted that the scheme relied to a large extent on trust that employers would operate it fairly.

Mr. Jenkin appears to have accepted the arguments on compensation, for yesterday's statement recognised the importance of devising the fairest method of comepensating employers. Apparently, an across-the-board reduction is being reconsidered.

He admits that the alternative *proposals deserve careful examination*, so he is delaying legislation to continue consultations.

هكذا الاصل

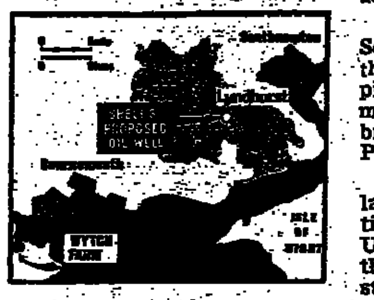
Shell plans New Forest oil search

By Ray Dafter, Energy Editor

SHELL UK is to make a fresh attempt to find oil in the New Forest area of Hampshire.

It has selected a clearing in the forest beauty spot, two miles south-east of Lyndhurst, to sink an exploration well costing more than £500,000. In the past three months Shell has drilled two nearby wells without success at a cost of about £1m.

The company, which has applied for planning permission to the New Forest



District Council, can expect opposition from some environmentalists. The Council for the Protection of Rural England has called on Mr. Michael Heseltine, the Environment Secretary, to reject the application.

Shell said yesterday that after four months of consultation with local authorities and environmental organisations it had modified its exploration plans to lessen the impact on the local community and the environment.

An existing clearing had been selected for the drilling operation. The company believed that if oil or gas were proved to exist, appraisal development could be undertaken from the same clearing through wells drilled at various angles.

"It is important that the country should know the extent of its onshore oil reserves and a question mark will remain over the New Forest until this area of the Hampshire geological basin can be fully assessed," said Mr. Phil Nelson, Shell's senior geologist in charge of the onshore operation.

Significant oil reserves have been identified at Wytch Farm and Kimmeridge, Dorset. Shell has drilled six wells on land in the UK, but has yet to make a discovery.

BNOC expects to double staff to 4,000 by 1990

BY RAY DAFTER, ENERGY EDITOR

BRITISH National Oil Corporation, the State oil undertaking, expects to recruit about 2,000 staff during the decade.

Mr. Malcolm Ford, BNOC's head of development, said last night that given a fair share of new exploration licences and reasonable freedom to invest by government, the corporation could double its number of employees from the current 1,930, long before the end of the 1980s.

"The development of North Sea oil has only just started and the potential opportunities and problems are enormous," he told members of the West of Scotland branch of the Institute of Petroleum in Glasgow.

Mr. Ford warned that the large technological and operational problems of developing UK oil and gas reserves over the coming decades would stretch Britain's capacity to provide sufficient skilled specialists, new technology and able managers.

The message came on the eve of the publication of a parliamentary Bill which will clear the way for public investment in the state corporation. Details of the Government's "privatisation" plans for BNOC are expected to be disclosed today.

But Mr. Ford said he was not sure the public appreciated that BNOC was not a Government supervisory agency. "It is a healthy and thriving, fully operational oil company producing oil, developing new fields and exploring for more oil for the nation."

During the meeting another senior executive, Mr. Laurie Dake, BNOC's chief reservoir engineer, urged the Government to avoid arbitrary depletion controls on North Sea fields.

Unforeseen variations in reservoir conditions were beginning to give companies production problems in some major fields. In some cases the use of water as a pushing agent behind oil was proving to be a less efficient production mechanism than originally thought.

To apply any form of arbitrary control on production at present might lead to a reduction in the ultimate oil recovery of some fields which themselves had in-built production restrictions.

A third BNOC speaker, Mr. John Hopkinson, general manager for petroleum engineering, emphasised the long-term potential of UK oil production. "It would be a big mistake to think of the North Sea as a waning resource. In terms of hydrocarbon deposits it still presents a very immature picture.".

Research and development on new technology must start now, he said. Deep water operations, the use of sub-sea production systems, heavy oil recovery and enhanced oil recovery were technologies which all had long lead times. "British industry can and must respond," Mr. Hopkinson said.

Gas terminal team named

BY OUR ENERGY EDITOR

THE Matthew Hall Engineering Company has been appointed to provide project and construction management services for British Gas Corporation's £50m gas-transmission terminal at Easington, Humberside.

The terminal will form part of the British Gas project to turn Rough Field into a unique natural storage reservoir.

Gas will be taken from the national gas transmission system and stored in the reservoir in demand periods gas will be produced from the field at a far periods of low demand. In peak faster rate than at present.

The 15-acre terminal site will be designed to receive and meter up to 1bn cubic ft a day of gas from Rough, in addition to associated liquids, by-products and effluent generated in process operations.

An underground pipeline will link the terminal to the existing transmission system at Paull, North Humberside, and at Hatton, Lincolnshire.

The Rough Field development will cost about £350m. It forms part of a £4bn investment programme by British Gas over the next five years. A large part of this investment is aimed at improving the availability of gas in peak demand periods.

Exporters' pleas supported

By Paul Cheeseright

THE PLEAS of British exporters for lower interest rates and a lower exchange rate have been backed by the Commons Committee on Industry and Trade in its first report, published yesterday.

"We are concerned that a high Minimum Lending Rate and a high exchange rate should have made exporting much more difficult for industry," the committee said.

The committee put 29 recommendations to the Government. One was that the Government should reduce MLR as soon as possible.

Another was that in its consideration of policies affecting the exchange rate the Government should bear in mind the assistance which would be given to exporters by restraining the present high value of sterling.

Sir Donald Kaberry (Conservative, Leeds NW), the committee's chairman, said: "We look to the Government for a speedy response. On the Minimum Lending Rate we may get a prompt reply."

Mr. Thomas McNally (Labour, Stockport S.), a member of the committee, said: "What we are really saying to the Government is 'This is a rough world, play it as rough and tough as our competitors play it. At the moment we are playing cricket, some of them are playing karate'."

This attitude is reflected in the committee's demands for more rapid action on dumping in the British market through the EEC and on its insistence that where trading is unfair both the Government and the EEC should deal with the problems before there is lasting damage to domestic industry.

First Report from the Industry and Trade Committee, Session 1980-81; House of Commons Paper 109-1, HMSO, £4.90.

Closure may threaten 400 small plastics-processing companies

BY SUE CAMERON, CHEMICALS CORRESPONDENT

UP TO 400 plastics processing companies could be forced to shut in the next few months, according to fears expressed in the British petrochemicals and plastics industries.

The extent of the threat to plastics-fabricators was discussed last month at a joint meeting of the petrochemicals and plastics-processing sector working parties. These bodies operate under the aegis of the National Economic Development Office.

Some companies represented on the two sector working parties are concerned that as much as 10 per cent of the 4,000 plastics-processors could collapse soon. Higher percentages are being mentioned in a few quarters.

The majority of plastics-fabricators are small concerns. Industry experts say many have been stretched to their limits by the recession and cannot stand more pressure.

But they say the sector is in danger of being squeezed further in several ways.

Petrochemical companies that provide fabricators with plastics raw materials are trying to increase prices which fell to unprofitably low levels in the latter part of last year.

Some plastics-processors have reduced their stocks and their workforces to the point where they would have difficulty in meeting any sizeable order.

Expectations that raw materials prices would rise led to restocking by the fabrication industry's customers at the turn of the year. But this improvement has evaporated, leaving some processors in a shakier position than before.

The major producers of plastics materials include Imperial Chemical Industries, BP Chemicals and Shell Chemicals UK. They are concerned that the disappearance of a large number of plastics-fabricators would erode their domestic customer-base.

Mr. Roger Lyons is the national officer of the Association of Scientific, Technical and Managerial Staffs and leader of the trades union side on the petrochemicals sector working party. He said yesterday there was no sign of any major industrial sector starting to reorder from the plastics-processors on a large scale.

"Those of the pastics-processors that survived the worst tranche of the recession in 1980 are now in a very weak position to cope with the leas tremor on their way out of the slump," Mr. Lyons said.

Mr. Harry Kleman is chairman of the plastics sector processing working party and chairman of Comoy Components. He said nobody in the industry was cheerful about short-term prospects.

He said he had no evidence of a large number of companies being close to bankruptcy.

● Harcostar, the plastics mouldings company, is making 25 workers redundant at its Huntingdon, Cambs, factory.

Big rise in EIB private sector loans

BY JOHN WYLES IN LUXEMBOURG

EUROPEAN Investment Bank loans to UK private industry leapt by 250 per cent last year, with a notable demand for finance from small- and medium-sized businesses.

Nevertheless, total EIB lending in the UK dropped from £553.3m in 1979 to £417.3m. The bank says this was largely because Government spending limits reduced loan demand from British nationalised industries.

According to the bank's report on its financing operations, released in Luxembourg yesterday, the UK still managed to secure 23 per cent of the EIB'sc total loans last year, a share which was second only to Italy's 44 per cent. Together with Ireland, the three countries accounted for 80 per cent of EIB loans in 1980.

The function of the bank, created in 1958, is to supply money at prime rates to EEC member states and, more recently, to Third World countries belonging to the Lomé convention. Within the Community, the bank's main aims are to balance regional development and encourage modern industrialisation and conversion.

Until the accession of Greece last month, the UK, Italy and Ireland were the three poorest members of the Community, with the strongest claims on EIB funds.

Bank officials are particularly satisfied with the £25m loaned to small- and medium-sized businesses in the UK's assisted areas. Companies employing up to 500 workers can qualify for loans under a scheme operated by the Industrial and Commercial Finance Corporation, while other have been able to obtain funds through the Department of Industry and regional departments in Scotland, Wales and Northern Ireland.

The bank says the British Government's exchange risk cover facilities have been a great help in encouraging UK private industry to seek loans. Funds have been available since 1978, but the scheme expires at the end of this year. Strong pressure is likely to be put on the Government to extend it.

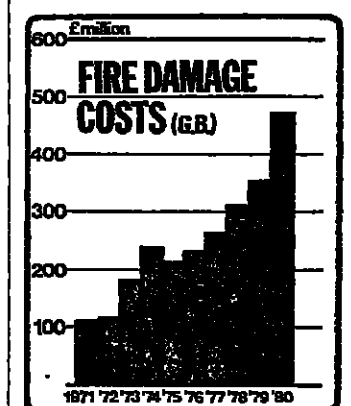
Fire costs at record last year

By Eric Short

FIRE DAMAGE in Britain last year cost a record £469.3m, according to figures published yesterday by the British Insurance Association. This was one-third higher than damage costs for 1979, which at £355.3m were the previous highest.

Mr. George Williams, chairman of the association's fire insurance panel, said much of the increase was due to a high number of major fires in storage and warehouse premises. More than half the 43 fires where damage in each case was at least £1m occurred in such buildings.

These included the fire in January, 1980 at the British



Aerospace warehouse at Weybridge in Surrey which cost £72.5m—the most expensive in Britain.

Losses in December rose £5m on the month to £28.5m, as a result of four big fires at schools—two in the Home Counties and two in Yorkshire, including one of £2m near Wakefield which was the largest fire of the month. But December's costs were more than £10m lower than in December. 1979 and damage in each of the last five months of 1980 was lower than in the corresponding months of 1979.

Heathrow black-out investigated

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE DISRUPTION to the London air traffic control system on Tuesday evening that caused delays to many flights in and out of Heathrow, is believed to have been caused by a fire in the electrical circuit system at the West Drayton (near Uxbridge) air traffic control centre.

The disruption, which happened at 17.50 and lasted for half an hour, blacked out all the radar screens. Controllers had to use radio telephones.

The Civil Aviation Authority says that while this was an unprecedented situation, there was no danger to aircraft or passengers.

The controllers contacted those in the air by telephone, while other aircraft, both inbound and outbound, were held on the ground until the power was restored.

Preliminary investigation shows that the failure happened somewhere in the internal electrical circuit system at West Drayton, and it was probably due to fire in the centre itself. Sabotage has been ruled out.

Normally the air traffic control centre uses its own power supply, to avoid disruptions that can occur to the public mains supply.

When the private supply fails, the centre switches automatically to the mains supply, but on Tuesday this was not possible because of the fire which affected all circuits.

The result was that while all radars were working, the controllers' screens were blank, and they were forced to rely on radio telephony alone.

This is less hazardous than it sounds, for radio telephony is the customary method of air traffic control in most parts of the world, especially on long-haul routes, such as the North Atlantic, where radar cover for the entire route is not possible because of the distance.

The Civil Aviation Authority says it does not normally rely on radio telephony alone in the dense London air traffic control zone, preferring to support this method of communication with detailed plotting of aircraft on radar screens in the control room.

The aim of the investigation is to find out what caused the breakdown, and if necessary instal additional equipment to prevent a recurrence.

Knitting industry hopes for action on U.S. exports

BY ELAINE WILLIAMS

THE KNITTING industry hopes that "swift and effective" action against low cost U.S. exports will be taken as a result of talks this week between the EEC Commission and the U.S. Government.

Imports of U.S. knitting fabrics rose to £17m last year compared with £10m in 1979 and a "mere trickle" in 1978, the industry told the All Party knitting lobby yesterday.

Imports are still rising at an alarming rate, the industry said. Companies are unable to compete in export markets because of low cost competition, penal tariffs and non-tariff barriers to trade in many overseas markets.

The knitwear industry wants the lobby to use its influence to ensure that the Government presses its EEC partners to remove the inadequacies of the General Agreement on Tariffs and Trade Multi-Fibre Arrangement.

More than 100,000 jobs have been lost in the UK textiles and clothing industry in the past 18 months—including 16,000 in the knitting sector, which has seen closure of over 50 factories.

Workshop scheme backed

BY OUR OWN CORRESPONDENT

NEWHAM Council in East London has given a £500,000 loan for the conversion of a former Plessey factory at Stratford into 70 small workshops.

The units, let on a monthly basis, are expected to provide up to 300 jobs.

The building was occupied by Plessey until 1977. It is being converted by Regeneration, a specialist company that was responsible for the BSC (Industry) Clyde Workshops, the former Clyde Ironworks complex on the Clyde.

Work at Stratford will start shortly and first lettings are expected in early summer.

Mr. Tom Brandon, Newham's Industrial Co-ordination Officer, said many people wanting small industrial premises were detered from taking premises because of the length of leases. The standard monthly licence granted to businesses using the Stratford Workshops would remove this major obstacle.

Firearms safety code agreed

A VOLUNTARY code of practice to assist the safe custody of privately held firearms and ammunition has been agreed between the Home Office and the British Shooting Sports Council.

The code follows meetings last year with Mr. William Whitelaw, the Home Secretary. The council urges owners of firearms to accept the "principle of personal responsibility." Copies of the code will be available to clubs and individuals through gun dealers.

Arts Council defends cuts in grants

By James McDonald

THE ARTS COUNCIL yesterday defended its decision not to renew grants to 41 companies in its allocation of £77.75m for 1981-82.

The council said it had waited "for the dust to settle" after protests about the cuts before making a statement.

It pointed out that, although 41 companies would not receive any money for the coming year because of the cuts—aimed at saving about £1m—46 others would get above-average grants.

Mr. Kenneth Robinson, chairman of the council, says in the latest Information Bulletin that the decision was reached "only after the most careful deliberation.

"The decisions were based on continuous assessments of all the council's clients." Clients were notified more than three months before the end of the financial year, much earlier than in most previous years.

The council has set aside a limited proportion of its funds which might be available to help with unavoidable commitments incurred by the 41 clients for the period to the end of their current seasons.

This will effectively allow for up to six months' notice of withdrawal, Mr. Robinson says.

He explains that the council is unable to entertain appeals because 41 would have delayed for months the process of intimating the 1981-82 subsidies to the council's remaining clients.

The bulletin gives details of how the £77.75m is allocated. The biggest share, £21m, goes to the national companies—the Royal Opera and Royal Ballet at Covent Garden, the National Theatre, the Royal Shakespeare Company

UK NEWS—LABOUR

Ford truck drivers on picket at Dagenham

By Our Labour Staff

FORD Motor Company truck drivers based at Dagenham yesterday reimposed their picketing of the plant in support of drivers from private haulage companies, who were already themselves picketing the factory.

After the 800 men were laid off at Dagenham on Wednesday, Ford yesterday avoided any more redundancies. But 1,400 have ben laid off at the Langley plant in Berkshire, and 300 at Aveley, in Essex. Workers at Dagenham had been made ready for lay-offs at short notice, however, and the prospect of further lay-offs today was in sightfl

The Ford drivers' resumed picketing—which had been lifted when they returned to normal working earlier this week following a dispute over the company's use of an outside haulier to transport parts from Belgium—was in defiance of official instructions from the Transport and General Workers' Union.

Mr. Ron Todd, TGWU national organiser, and chairman of the Ford union side, had instructed the company's drivers, who had refused to cross the private haulage companies' drivers picket-lines, to return to normal working.

The Ford drivers' reimposed picketing also went against notices by Mr. Todd posted around the Dagenham plant yesterday which stressed that there was no dispute between Ford and the unions representing Ford workers.

The notices also made it clear that the union side did not recognise the private drivers' picketing. The union is still having talks with the private company of Silcock and Colling, which is used by Ford for the transport of completed vehicles and whose drivers were principally involved in the private companies' picketing.

The Silcock and Colling drivers, who supported the Ford drivers in their dispute, are in dispute themselves because of payments lost during the company drivers' two-week strike, which resulted in 19,000 lay-offs at a number of Ford plants.

Meanwhile, at Ford's Halewood plant on Merseyside, 1,000 workers were suspended for 24 hours from yesterday under the company's new disciplinary procedure

Civil Service pay offer may be raised next week

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is likely next week to make an improved pay offer to union leaders of 550,000 white-collar civil servants following a discussion *yesterday* by Cabinet Ministers of the present 6 per cent offer.

Lord Soames, Lord President of the Council, and Minister in day-to-day charge of the Civil Service, promised the unions *this week* that he would take their rejection of the 6 per cent back to his Cabinet colleagues.

The Cabinet is understood to have discussed the issue yesterday, and with the approval of the Prime Minister—who was previously believed to be against increasing the offer—is thought to have decided that an increase should be made.

No meeting has yet been fixed between Lord Soames and the Council of Civil Service Unions. While one could hurriedly be arranged for today it is thought more likely to take place next week.

The most likely improvement is thought to be an increase in the present offer to between 7 and 7½ per cent on pay bill costs. This relatively small margin of increase, though, may be used more to correct some pay anomalies rather than only raising offered basic rates.

Tabling an improved offer, too, could be conditional on some indication from the unions of their readiness to accept it. While one or two more moderate unions might be prepared to do so, the more militant unions seem likely to reject again even an improved offer if the increase is relatively small.

The level of feeling against the offer and the Government's suspension of the Pay Research comparability system, on which settlements are normally based, was indicated yesterday in the results of a consultation exercise on industrial action by the traditionally-moderate taxmen's union.

The Inland Revenue Staff Federation said that in 42 mass meetings since Monday, 24,993 *of its members* had voted to support the council's 15 per cent claim backed up by a campaign of action, with 3,153 against.

The nine unions' claim for a reduction in hours—two hours off the working week from April this year and a further hour next year—was rejected yesterday by the Civil Service Department. The unions demanded a meeting with Ministers on the issue.

BL staff unions set for jobs cut protest

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS braced itself for another *confrontation* with the unions last night as white collar workers voted to impose sanctions from today.

The majority of the nearly 20,000 staff voted at plant meetings to take *action in protest* at the company's decision to press ahead with redundancies.

The company, which called for 4,250 redundancies, says the voluntary programme is still 900 short of target.

BL made clear last night that it would not give ground in the face of militant action. In the event of sanctions, a programme of compulsory redundancies would be *applied* across the board from next week.

Job losses would have to be accelerated.

Mr. Geof Armstrong, the employee relations director, warned in a letter to staff: "A dispute could seriously affect the future of all and you should not throw away all our success with a pointless dispute which will not prevent the need for reductions."

In addition to an overtime *ban, the staff unions are urging* workers not to cover for vacancies and to prevent the use of outside design and technical work.

BL insists that any "people who choose not to work properly will not be paid."

The company is clearly confident that any shop floor protest will crumble in the face of its tough line. It claimed that only half of the 34 plants had voted to support the militant action.

The staff unions have prolonged negotiations over several months, conscious of BL's vulnerability to disruptive action.

Militant miners stoke up feelings

BY CHRISTIAN TYLER, LABOUR EDITOR

THE DRUMS of war were beaten in London yesterday as some 350 miners from coalfields in all parts of Britain gathered to hear their battle orders from Left-wing leaders of their union.

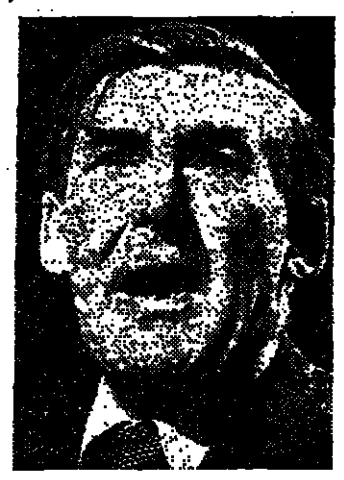
Fired by the unanimous decision an hour before from the executive of the National Union of Mineworkers to meet the threat of pit closures with a ballot recommending a national strike, the Left-wing rally was an emotional, aggressive and yet at times almost festive occasion.

Deafening applause, whistles and standing ovations greeted each of the speakers in the main hall of the Friends Meeting House in London's Euston Road: Mr. Peter Heathfield, North Derbyshire area secretary, Mr. Arthur Scargill, Yorkshire president, Mr. Michael McGahey, Scottish president and national vice-president, and Mr. Emlyn Williams, South Wales president and chairman of the rally.

The mood of militant anticipation was almost palpable, and the message was unambiguous: the miners would strike, they would draw the rest of the union movement behind them and and would precipitate a crisis leading to the early ejection of Mrs. Thatcher's Government.

Constant reference was made to the strike of 1972 and that of 1974 which led to the downfall of Mr. Edward Heath's Government. Even the 1926 General Strike was invoked.

Yorkshire miners' leader Arthur *Scargill after the rally*



Union vice-president Michael *McGahey, who ruled out job cuts*

For once, the shock phrases of the militant Left sounded ominously predictive, even allowing for the charged atmosphere of the hall.

There were two unusual features about yesterday's events supporting the Left's conviction that if the Government does not give in to the union's demands, there will be a long and bitter battle.

One was the unanimity of the moderate-dominated national executive committee—an almost unheard of state of affairs on a big issue like this. The other was the presence at the Left-wing rally of delegations from the traditionaly moderate areas of Nottinghamshire, Durham and Northumberland.

But there was a note of anxiety, too, that the Coal Board's tactic of discussing the closure programme area by area might succeed in deterring miners in the secure pits from *supporting* those where the pruning knife will be most assiduously wielded.

Mr. Williams declared his suspicion of the moderates' sudden access of *militancy*. Areas might try to use the rulebook to escape the consequences even of a national ballot majority in favour of a strike he said.

Mr. Heathfield struck the first political note by declaring: "It's all part of a grand design to reduce the impact and influence of the miners in the affairs of the British working class. *Part of the strategy* is that they must pay the price of their defeat of the Tory Government in 1972 and 1974."

Mr. Scargill deployed balance of payments arguments to criticise past *miscalculations* in energy policy, and declared: "I give due warning that ballot or no ballot if pits are closed we go on strike to defend our jobs." He urged his audience to demand a *four-day* week and retirement at 55, and to impose a ban on overtime immediately.

Both he and Mr. McGahey said there could be no question of negotiating redundancies. *Mr. McGahey said he was* "predicting, not warning" that there would be unofficial industrial action. "There will be a possibility that we will be balloting on strike action when *we are already on strike*."

Hopes rise on seamen's pay deal

By Pauline Clark, Labour Staff

AN END to the seamen's national pay dispute appeared close last night as unions and employers moved towards agreementon terms for calling off industrial action ahead of arbitration.

After nearly seven hours of talks at the headquarters of the Advisory Conciliation and Arbitration Service Mr. Jim Slater, general secretary of the National Union of Seamen, said: "Indications so far suggest the shipowners are accepting the demands puto to them by the union."

Only one further sticking point remained between the two sides *in reaching agreement for* calling off action but the union was confident this could be overcome, he said.

Terms of reference for arbitration on the overtime dispute which has led to industrial action by seamen for nearly five weeks are also to be discussed between the union and the General Council of British Shipping.

The union, which has rejected a 12 per cent pay offer, is claiming overtime pay at time and a half on weekdays and double time at weekends to bring the seamen in line with workers in *shore-based* industries.

APPOINTMENTS

De La Rue posts

Mr. Chris Dixon has joined DA LA RUE SYSTEMS as technical director and a member of the company's management committee. He will direct and co-ordinate engineering in Watford and Portsmouth reporting to Mr. Jim Salmon, managing director. Mr. Dixon comes to the company after a period as director of programmes at EMI Medical. Other appointments at De La Rue Systems are Mr. David Wimpress as director of personnel, Mr. John Buckeridge, publicity manager, and Mr. Peter Hildrew, product manager, *world-wide, money handling* systems.

★

Mr. Peter Cooper has been appointed an executive director of the BRITISH STEAM SPECIALITIES GROUP.

★

Mr. C. R. Baker has been appointed a director of TRING HALL SECURITIES.

★

Mr. Len Elkington has been *appointed managing director of* the PEGLER-HATTERSLEY building products division. He is succeeded as managing director of Peglers Limited by Mr. Graham White, who was previously managing director of Paragon Plastics, a member company.

★

The Secretary for Employment has appointed Mr. T. P. Lyons, executive director (personnel) of Williams and Glyn's Bank, to be a member of the MANPOWER SERVICES COMMISSION until the end of next year. Mr. Lyons replaces Mr. Victor Paige, who is deputy chairman of the National Freight Company.

★

Mr. A. L. Hunt, marketing director of Luis Gordon and Sons, has also been appointed to the Board of RONALD MORRISON AND CO.

★

Mr. Bruce H. Cross has been appointed managing director of PETROSUN, a London based *subsidiary of Sun Company Inc.*, U.S.

★

Mr. Michael Holmes has been appointed associate director and group head of CHARLES BARKER CBC from April 1. He will take over the responsibilities previously held by Mr. Peter Rees, who has resigned his directorship to join S. G. Warburg.

★

Mr. Graeme Scott is to become managing director of BRITVIC on April 6, succeeding Mr. George Inman, who will continue as deputy chairman of that company and director of Showerings, Vine Products and Whiteways. Mr. Inman also retains all other appointments. Mr. Ray Jordan, financial controller of Britvic, joins the Board as financial director on April 6. The parent company is Allied Breweries.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
AP Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	‖14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½ %
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	¶14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.
‖ 21-day deposits over £1,000 13%.

It seems the lady's not for telling

By John Hunt, Parliamentary Correspondent

MRS. THATCHER looked as if she had just spent several hours at her hairdresser's when she appeared in the Commons yesterday with a coiffure even more elaborate than usual. It was rather like the shampoo advert on TV where a young woman swings along the street, causing onlookers to gaze at her hair in astonishment and ask "Is she or isn't she?"

In this case the question being posed was whether Mrs. "the lady's not for turning" Thatcher is now executing a crafty change of policy while still paying lip-service to the Conservative election manifesto.

MPs were agog to hear her interpretation of recent pronouncements by Lord Thorneycroft and Wednesday's speech from Mr. Francis Pym, Leader of the House, who spoke of the need for adjustments in timing and tactics.

The Prime Minister managed to fend off some intial probes from Labour backbenchers. Like the woman in the advertisement, it seemed that she was not telling. But when challenged by Mr. Michael Foot, Leader of the Opposition, she was suddenly overtaken by one of her fits of garrulity.

Yes, she wholly agreed with Mr. Pym's speech. There was some excellent stuff in it. She heartily endorsed his remark that an attack on inflation was an attack on unemployment.

"I could go on and on and on," she gasped breathlessly as Labour MPs jeered and circled their arms in imitation of an organ-grinder churning out the same old tunes.

In fact her stream of words only confused matters—which was probably the intention in the first place. She sternly emphasised that the Government must not abandon its long-term strategy but carefully avoided any reference to the short-term changes at which Mr. Pym had been hinting.

No matter what was happening behind closed doors, the Prime Minister was still talking tough in public. "I am not forced to do many things," she barked at Mr. Foot as she once more rejected his demands that the Government should intervene in the pit closure row between the National Coal Board and the mineworkers.

After this display of adroitness she was suddenly caught off her guard when she promised that she was prepared to meet personally every MP who had a factory closure in his or her constituency. Mr. Foot and his cronies immediately leapt on this with jubilation and promised to take her at her word.

There now seems every likelihood that the Prime Minister wil find complaining Labour MPs outside her door in a queue as long as the lines of unemployed portrayed in those Saatchi and Saatchi election posters.

The Government's tribulations spilled over during business questions when Mr. Geoffrey Rippon (C, Hexham), an old Heathite and the chief critic of the Government's economic policies, heartily congratulated Mr. Pym on his speech. As Conservative Right-wingers squirmed in embarrassment Mr. Rippon effusively welcomed the new "spirit of flexibility and commonsense."

Mr. Pym, a man of few words, politely thanked him and left it at that. As they say in the advertising business, watch this space for further developments.

Bill on Lords to be dropped

LORD ALPORT is to drop his Bill to prevent any abolition of the House of Lords without a referendum being held. He received an assurance from the Government yesterday that safeguards would be considered.

Parliament next week

COMMONS

Monday: Private Members' Motions. Gas Levy Bill, Second Reading.

Tuesday: Debate on threatened closure of Talbot Linwood plant. Debate on EEC Sugar Proposals.

Wednesday: Redundancy Fund Bill and Iron and Steel (Borrowing Powers) Bill, Northern Ireland Orders on the Agricultural Trust and Museums.

Thursday: Water Bill remaining stages. House of Commons Members' Fund and Parliamentary Pensions Bill, Motions on Member's Salaries and Pensions.

Friday: Private Members' Bills.

LORDS

Monday: Disused Burial Grounds Bill, Third Reading. Motor Vehicles (Variation of Speed Limits) Regs. motion for approval. Town and Country Planning (Minerals) Bill. Committee.

Tuesday: Industrial Bill, Second Reading. Contempt of Court Bill, Third Reading. Debate on EEC Environment Policy.

Wednesday: Debate on Civil Aviation. Trees (Replanting) Bill. Committee. Short debate on EEC initiatives in the Middle East.

Thursday: Wildlife and Countryside Bill, Committee. Deep Sea Mining (Temporary Provisions) Bill. Report.

Friday: Continuation of Wildlife and Countryside Bill if it is not completed on Thursday.

Paisley banned from the Commons

BY IVOR OWEN

THE REV. IAN PAISLEY, Leader of the Democratic Unionists, was yesterday banned from the Commons until next Friday after calling Mr. Humphrey Atkins, Northern Ireland Secretary, "a liar."

He made the charge, and persistently refused to withdraw it, when the Minister replied to questions about the murder last month of Sir Norman Stronge, a former Speaker of Stormont, and his son, James, at their home at Tynan Abbey, Armagh.

Mr. Paisley challenged Mr. Atkins to confirm or deny that on the night of the murders, the army patrol supposed to have been keeping Tynan Abbey under observation was being "wined and dined" in a well-known Republican House in the area.

He also asked him to confirm or deny that the helicopter which went to the assistance of the Royal Ulster Constabulary ran out of fuel and had to return to base.

Mr. Atkins answered: "I never give details in the House of security operations, as you well known. I cannot understand why you think it is in the interests of anybody to make charges like this."

Apart from the words "cover up," Mr. Paisley's muttered reaction was barely audible but Mr. Gerry Fitt (Lab, Belfast West), complained on a point of order that he had heard Mr. Paisley call Mr. Atkins "a liar."

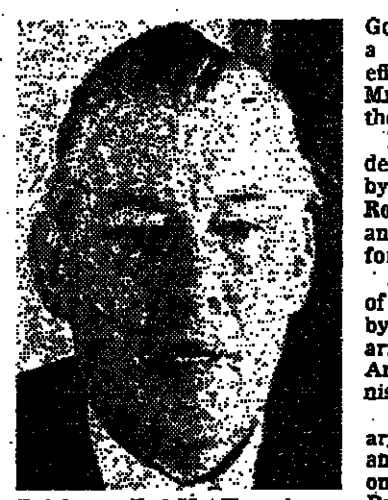
Mr. George Thomas, the Speaker, asked Mr. Paisley: "Did you make that statement?"

Mr. Paisley answered: "Yes. I made that statement because it is true."

The Speaker then ordered that the word "liar"—which no "honourable member" is to use against another—should be withdrawn at once

Mr. Paisley replied: "I have no intention of withdrawing the truth."

He then began moving towards the doors of the Chamber but before he could leave, the Speaker formally "named" Mr. Paisley for "gross discourtesy to the Chair."



Paisley: called Mr. Humphrey Atkins "a liar."

At the direction of the Speaker, Mr. Michael Jopling, Government Chief Whip, moved a procedural motion to give effect to the "naming"—"That Mr. Paisley be suspended from the service of the House."

It was eventually carried despite repeated shouts of "No" by Mr. Paisley and Mr. Peter Robinson, (DUP, Belfast-East) and their abortive attempts to force a division.

After Mr. Paisley walked out of the Chamber he was attacked by Mr. Fitt for leading "illegal armies up hills in County Antrim and refusing to recognise the authority of the House."

Once outside the Parliamentary precincts, Mr. Paisley held an impromptu press conference on the pavement opposite Parliament Square.

He said: "I think I was very hardly done with because I was withdrawing from the House. There was no need for the Speaker to name me."

Mr. Paisley stressed that he had made a serious allegation which had not been denied bv Mr. Atkins.

Labour 'may not leave EEC'

BY DAVID MARSH

THE NEXT Labour government would restore Parliamentary sovereignty over EEC policies but would not necessarily take Britain completely out of the Community, Mr. Peter Shore, Opposition spokesman on Treasury and Economic affairs, said yesterday.

Mr. Shore, a veteran anti-EEC campaigner, carefully spelled out that his objections did not extend to all the Community's institutions and that he supported "alliance and friendship" with Europe.

The question of possible withdrawal would be treated with "the utmost seriousness."

Speaking at a London conference organised by the Economic Models forecasting group, Mr. Shore said that a Labour Government would repeal the 1972 European Communities Act which subordinates the the House of Commons to the Community.

This "fundamental change" would result in Britain carrying out only those Community laws with which Parliament agreed. It might eventually lead to Britain withdrawing from the EEC—but Mr. Shore emphasised: "We do not simply assume this will be the result."

Mr. Shore's hint that repeal of the 1972 Act would avoid the need for a complete break has also been put forward by Mr. Michael Foot, Opposition leader. It risks a breach with elements of the Labour Party calling for complete withdrawal.

Mr. Shore said the Labour Party was "profoundly dissatisfied" with British membership and recalled that the last party conference had called upon the next Labour Government to negotiate Britain's departure.

Any British politician who claimed that Britain had benefited from membership "would be laughed to scorn by any public audience from Land's End to John O'Groats."

But it could not be forgotten that Britain had a major place in Europe. Mr. Shore was in favour of Community institutions like the Council of Ministers and the political co-operation group of Foreign Ministers which reflected the view of the Community as an alliance of sovereign states.

But he opposed the "explicity supra-national" institutions such as the Commission, which had "too much power, too little democratic control and a dangerous near monopoly in initiating Community policy proposals."

Thatcher move on pensions

By John Hunt, Parliamentary Correspondent

THE PRIME MINISTER indicated yesterday that she is not prepared to let the matter of civil service index-linked pensions rest, despite the findings of the Scott Report.

She agreed with Sir William Clark (C., Croydon South) that there was a "glaring unfairness" between public and private pensions.

Mrs. Thatcher pointed out that in one reference the Scott Report has suggested the Government might provide a cut-off point for index-linking.

Haughey row on defence agreement

By Stewart Dalby in Dublin

A ROW is in full swing in Dublin over whether Mr. Charles Haughey, the Irish Prime Minister, has agreed that an Anglo-Irish defence pact should be part of the joint studies currently going on between diplomats of Britain and the Irish Republic.

After fierce questioning in the Dail (Parliament), Mr. Haughey said that he could neither "confirm nor deny" that a defence agreement was under discussion.

Any defence accord would be highly contentious in Ireland since the country has had a strict policy of neutrality since the second world war. This was established by Mr. Eamon de Valera, the founder of the current ruling Fianna Fail Party.

Mrs. Thatcher and Mr. Haughey agreed at a summit in Dublin last December that joint studies should be set up to look at institutional structures between the two countries. Mr. Ian Paisley, one of the main Unionist leaders in Northern Ireland, has taken this communique to mean that Dublin will have a say in the constitutional affairs of Northern Ireland and has started a campaign to resist this.

Mr. Haughey is thought to want to augment the joint studies into some kind of Anglo-Irish agreement for his own electoral purposes.

● The Government will make no compromises with the 405 prisoners taking part in the latest "dirty protest" at Ulster's Maze Prison, the Commons was told yesterday.

Mr. Michael Alison, Northern Ireland Minister of State, said he much regretted that the prisoners had decided to resort to this kind of action a second time.

Government loses committee vote on telephone tapping

BY JASON CRISP

A CLAUSE which would greatly restrict telephone tapping was passed in the committee stage of the British Telecommunications Bill yesterday.

The Government, which opposed the clause, was defeated by nine votes to eight following a revolt by Tory backbencher Mr. John Gorst (Hendon N.).

The clause would make it illegal to tap telephones for any reason other than the prevention of serious crime, terrorism or espionage. It would also outlaw telephone tapping for political reasons.

The clause was tabled by Mr. John McWilliam (Lab., Blaydon), who is sponsored by the Post Office Engineering Union, and Mr. Ian Mikardo (Lab., Tower Hamlets, Bethnal Green and Bow). It was also supported by Mr. David Alton (Lib., Edge Hill).

Anyone involved in illegal tapping of telephones would be liable to fines of up to £5,000 and/or up to three years' imprisonment under the clause.

Mr. Gorst said: "It may be no petty taps now take place. If so, why does the Government still insist upon not accepting this new clause? . . . It will not be a charter for subversives and revolutionaries. It will be a statutory guarantee for the rights and privacy of the ordinary individual."

The Government will seek to have the clause removed when the Bill is before the full House of Commons.

Labour MPs said the clause was urgently needed after reports that U.S. security forces had listened to Labour MPs' phones and allegations in Canada that the British Government had eavesdropped on phone conversations at the Canadian High Commission.

Mr. Kenneth Baker, Minister of State for Industry, said the Government did not want to expose the interception of phone calls to court action which would be against the interests of national security.

He refused to accept or deny allegations that calls from the Canadian High Commission had been tapped.

Fear on nationality curbs

THE RIFT between Government and Opposition MPs widened yesterday at the Commons standing committee on the British Nationality Bill.

Babies born in Britain will no longer automatically become British citizens, Mr. Timothy Raison, Minister of State at the Home Office, announced. Labour MPs warned that this would be a serious threat to race relations.

The Government's argument is that the provision will prevent children born overseas obtaining British descendancy years later, although a Government amendment allowed children born in the UK who remained for 10 years to obtain British citizenship.

Mr. John Tilley (Lambeth Central), an Opposition frontbech spokesman, said: "For the first time the qualification for British citizenship is not being born here, but who you are born to. The Government is throwing away one of the major legal contributions towards a harmonious society in Britain."

Foot to launch campaign for Labour Party unity

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR. MICHAEL FOOT, the Labour leader, will tomorrow acknowledge the inevitability of a Right-wing Labour breakaway.

In a major speech in Lancashire, he will reply directly to Mrs. Shirley Williams' criticism of Labour and call on the rest of the Labour Party to close ranks behind him.

Mr. Foot will again stress that he does not want anyone to leave the party. But it will be clear from his speech that he has given up all hope of stopping Mrs. Williams leaving and that the task now is to minimise the damage to Labour from the breakaway.

The speech will be part of a new campaign to unite the party. As part of this move, pressure looks like being brought on Mr. Tony Benn not to stand against Mr. Denis Healey for the deputy leadership this autumn.

Yesterday, the embryo Social Democratic party, founded by Mrs. Williams and her colleagues in the Gang of Four, got its first defectors from Labour at a local level. Seventy members of the Labour Party in Northamptonshire announced that they were quitting the party and starting a local branch of the Council for Social Democracy.

Thomas receives strong support from constituents

BY DAVID BELL

MR. MIKE THOMAS, Labour MP for Newcastle East, has received more than 1,000 replies to a letter he sent to all his constituents explaining his decision to join the Council for Social Democracy.

He said yesterday that 75 per cent of the 600 letters he has so far analysed fully support his position and only 6 per cent were in outright opposition to it. The rest expressed understanding, but not necessarily full approval, of his position.

Mr. Thomas, who is to inform his constituency party of his future plans at its annual general meeting tonight, would not say yesterday whether he is planning to fight the seat at the next election as a Social Democrat. But it appeared he may be very close to a decision to leave the party and clearly has strong ties to the constituency.

The number of replies has come as a total surprise to Mr. Thomas, who spent £1,000 of his own money to send out 33,000 letters. Of those letters he has analysed so far, 42 per cent are from Labour voters. Another 41 per cent did not disclose their politics and 14 per cent said they had voted Conservative.

Mr. Thomas said the support for the CSD disclosed in the letters should "kill stone dead the idea that this is some kind of party of a posh elite strutting around the South." The replies had come from all parts of the constituency where, in some parts, one in three men are out of work.

"Frankly I thought if I got a reaction of three to two in favour I would be doing very well," Mr. Thomas said. "To get 1,000 letters of this kind in such a short time seems unprecedented.

In his letter, Mr. Thomas said he had joined the CSD because "the drift towards extremism in the Labour Party is not compatible with the democratic traditions of the party I joined 17 years ago and what the country now needs is a major change in our approach to politics if we are to get Britain back on its feet again."

De Lorean bank loans up to £10m guaranteed

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GOVERNMENT has provided a "time limited" guarantee for commercial loans of up to £10m required by the Belfast-based De Lorean sports car company to cover a cash shortfall until its first cars go on sale.

This was announced yesterday by Mr. Adam Butler, Minister of State for Northern Ireland, who also told the Commons there would be no further State funds for the venture.

De Lorean estimated that the shortfall would be about £8.5m before cash started to flow in when the first cars go on sale in the U.S. in April.

It had arranged facilities of £10m with one U.S. and one UK bank but these needed underwriting by the Northern Ireland Office.

Mr. Butler said the guarantee for the commercial loans had been given "to help this company launch a car it believes has good market prospects."

However, he also informed MPs at Question Time: "We have said to the company as far as the DMC car project is concerned we consider, very firmly indeed, that the Government has made sufficient provision of public funds and it must look elsewhere, as necessary, for further funding, and the company accepts that."

So far the De Lorean venture is backed with £67.3m of Government money.

Mr. Butler insisted that if he had not taken the decision to help the company to get the sports car launched there would have been "very serious employment consequences for Northern Ireland."

THE PROPERTY MARKET BY MICHAEL CASSELL

Midland Bank takes Cannon St. scheme

MIDLAND BANK is to take the 79,000 square feet Watling Court office scheme now being developed in Cannon Street, City, by Electricity Supply Nominees.

The deal has reached a delicate stage, so none of the parties involved are over-anxious to provide details, but the bank has decided to take all three office buildings included in the ESN scheme, which is due for completion on a phased basis between September and November this year.

The Watling Court development has been closely watched by City property pundits anxious to gauge the latest trends in rents for large, central banking space. The terms of the deal are still a closely guarded secret, but it is understood that Richard Ellis, ESN's agents, were looking for an annual rent of £1.9m.

Despite the high level of interest shown in the office complex by several potential tenants, it does not look as though that figure has been achieved. Last year, Deutsche Bank took 70,000 sq ft of space at 8-10, Bishopsgate, the Baring Brothers bank building, at around £23.50 a sq ft and it looks as though the ESN scheme has failed to command a rental to break that barrier.

The Cannon Street-Bow Lane complex is not located within the City's prime banking area, although the close proximity of Bank of America and the decision by Scandinavian Bank to move into the old Spillers headquarters opposite St. Paul's has helped extend the "acceptable" banking address further west.

Midland Bank, represented by Jones Lang Wootton, will occupy the 60,000 sq ft air-conditioned office block facing onto Cannon Street, as well as the 19,000 sq ft of additional office space stretching up Bow Lane. The complex was designed as three self-contained buildings, but the Bank decided that it can make use of the space provided by all three.

Included in the ESN scheme, which represents one of the largest new City developments suitable for banking use, will be two apartments and eight shops, most of which will front onto Bow Lane.

There were expectations that the ESN development would attract a record rent for a letting of this size, given the shortage of suitable space, but although the rental is a good one it would appear to at least partially reflect the scheme's off-centre location. ESN also appears to have settled, in the current uncertain market, for a single, good tenant rather than chosing to wait a little longer in the hope of striking a better, later deal.

With minimal growth anticipated for City rents over the next year, several schemes in the City area are being marketed up to 12 months before completion. If the view on rents is correct, then marketing at such an early stage can at least bring forward first rent reviews, by which times City rents may again be on the move.

Office debate rumbles on

THE URBANE, acceptable face of property development—in the shape of Mr. Stuart Lipton of Greycoat Estates—this week found itself in something of a tussle with one of the industry's least ardent fans—Mr. Stuart Holland, Labour MP for Lambeth and Vauxhall.

Like front bench antagonists squaring up to each other across the floor of the House, the two Stuarts came face to face at a London seminar on "The Office Boom in London," organised by CES, the independent urban research centre formed after last year's closure of the Centre for Environmental Studies.

Many of the delegates appeared to believe the title itself was somewhat presumptuous and much of the debate centred around just how much office space there is in London, what constitutes a boom and whether or not one actually exists or is imminent.

John Orton from Richard Ellis (a firm currently suggesting there is an overall surplus of City office space which will last until 1982) produced figures to suggest that central London as a whole produced approximately 140m sq ft of office space.

Mr. Orton went on to estimate that about 10.5m sq ft of sizeable (over 7,500 sq ft) speculative office space was planned between now and 1984, with an aditional 2.3m sq ft on the way for owner occupiers. The figures he claimed, did not represent a boom and it looked as though around 6m sq ft was under discussion for beyond 1984—only half in the main office areas and the remainder on the fringes.

Mr. Orton went on to point out that the need for new office space was not simply a matter of meeting demand from expanding tenants but as much to do with providing better—and not necessarily bigger—accommodation in a market where prime quality space is in the minority.

It was when he agreed with a suggestion from the floor that the office market could be alikened to a game of musical chairs, in which large numbers of tenants revolved around the available floorspace, that Mr. Holland saw his chance to challenge the cosy consensus.

Musical chairs, said the man who helped slay the Green Giant and make life difficult for Mr. Lipton and his Coin Street ambitions, tended to end up with someone hitting the floor. The implication was that office developers were failing to take note of fundamental changes in the market they were attempting to serve and, without a great deal more thought, they could be heading for an oversupply which might spell disaster.

The MP criticised those assembled for their apparent assumption that demand for office space in London would automatically improve once an inevitable economic upturn arrived. He went on: "There appears to be a sanguine acceptance that a macro-economic upswing in due in 1983-84 and that everything will respond accordingly. It might not happen.

Mr. Lipton responded from the speakers' platform to tell his front row adversary that he had completely missed the point. "Whilst this country has invested £35,000 per person in industry, the average office investment per employee is no more than £1,500. There have been significant increases in industrial productivity over the years and virtually none when it comes to office operations."

Mr. Lipton, who on Wednesday confirmed he is starting talks with the Greater London Council which will give him freehold ownership of nearly all the Coin Street land, said that with two-thirds of London office space over 10 years old, the development industry would have its work cut out simply replacing existing stock.

Mr. Holland returned to the changes likely to be brought about by new technology, apparently not put off by comments from another speaker to the effect that predictions about catastrophic employment effects had accompanied every major technological advance since the early 19th century and had always proved unfounded.

"There are forecasts that new office technology could bring with it potential increases in productivity of between 300-400 per cent and these dramatic changes must be taken into consideration."

Mr. Lipton had the final word by picking on an earlier contribution, which suggested that although the number of office employees in London had been shrinking for years, the fact remained that the space per person was still increasing.

The only clear conclusion from the lively proceedings was that, as Mr. Holland himself admitted, people are "groping in the dark" about prospects for office accommodation. At least everyone seemed to agree that the property industry could do a lot worse than spend some of its money on better research.

Scheme is stopped

THE Royal Borough of Kensington and Chelsea has turned down plans by County and District Properties to redevelop the old town hall in Kensington High Street.

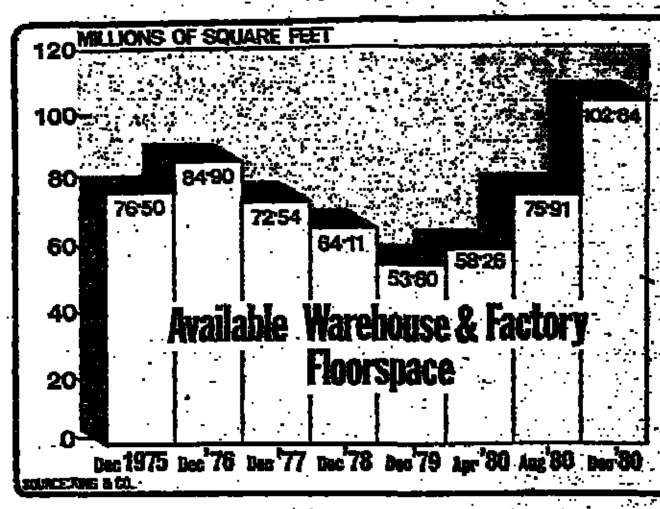
The old town hall has been sitting empty since the Royal Borough moved along the road to its new headquarters in 1976 and 1977 and ever since its future has been a source of considerable interest among local residents.

In late 1979, County and District exchanged contracts with the Borough for the purchase of the site freehold, conditional upon planning permission being granted. Plans were drawn up for a mixed scheme which would have provided about 59,000 sq ft of shops and offices fronting on to one of London's prime shopping streets.

There was substantial local opposition to the scheme and now the authority's town planning committee has rejected the County and District proposals. The reasons for its refusal have not yet been announced.

The scheme was expected to cost around £10m—including site purchase but Mr. Leslie Melville of County and District —now part of the Costain group—says that the company intends to try again.

"We will be seeing if we can find a compromise solution with the planners so that a scheme acceptable to everyone can go ahead. We are considering an appeal against the decision but would like to reach an amicable agreement if it is possible."



Floorspace hits the roof

THE VOLUME of vacant factory and warehouse currently on the market is at its highest level for over five years, according to the latest industrial floorspace survey conducted by King & Co.

The report shows that the level of industrial space on the market in England and Wales rose by more than 35 per cent to 103m sq ft between August 1980 and the end of last year. The amount of space available is even higher than during the 1974/75 property market collapse.

The sharp rise in industrial accommodation coming onto the market during the past year reflects a high level of factory and warehouse closures, as British industry retrenched, and the impact of new building programmes. King & Co. estimate that there is currently 17.4m sq ft of industrial space under construction and ready for occupation within six months. This compares with 15m sq ft under construction last August.

But the agents say that although the amount of space on the market has risen sharply in recent months it still represents less than 3 per cent of the total stock of factory and warehouse accommodation in England and Wales.

Moreover, demand is still strong for top-class, well located factories and warehouses in areas such as those around Heathrow Airport, in the so-called "Golden Triangle." Elsewhere industrial rents have shown little if any growth since the first quarter of last year and prime industrial property yields in a number of areas have recently begun to soften after remaining firm at around 6 to 6½ per cent for most of 1980.

Among the worst affected regions are the North West, West Midlands, Yorkshire and Humberside.

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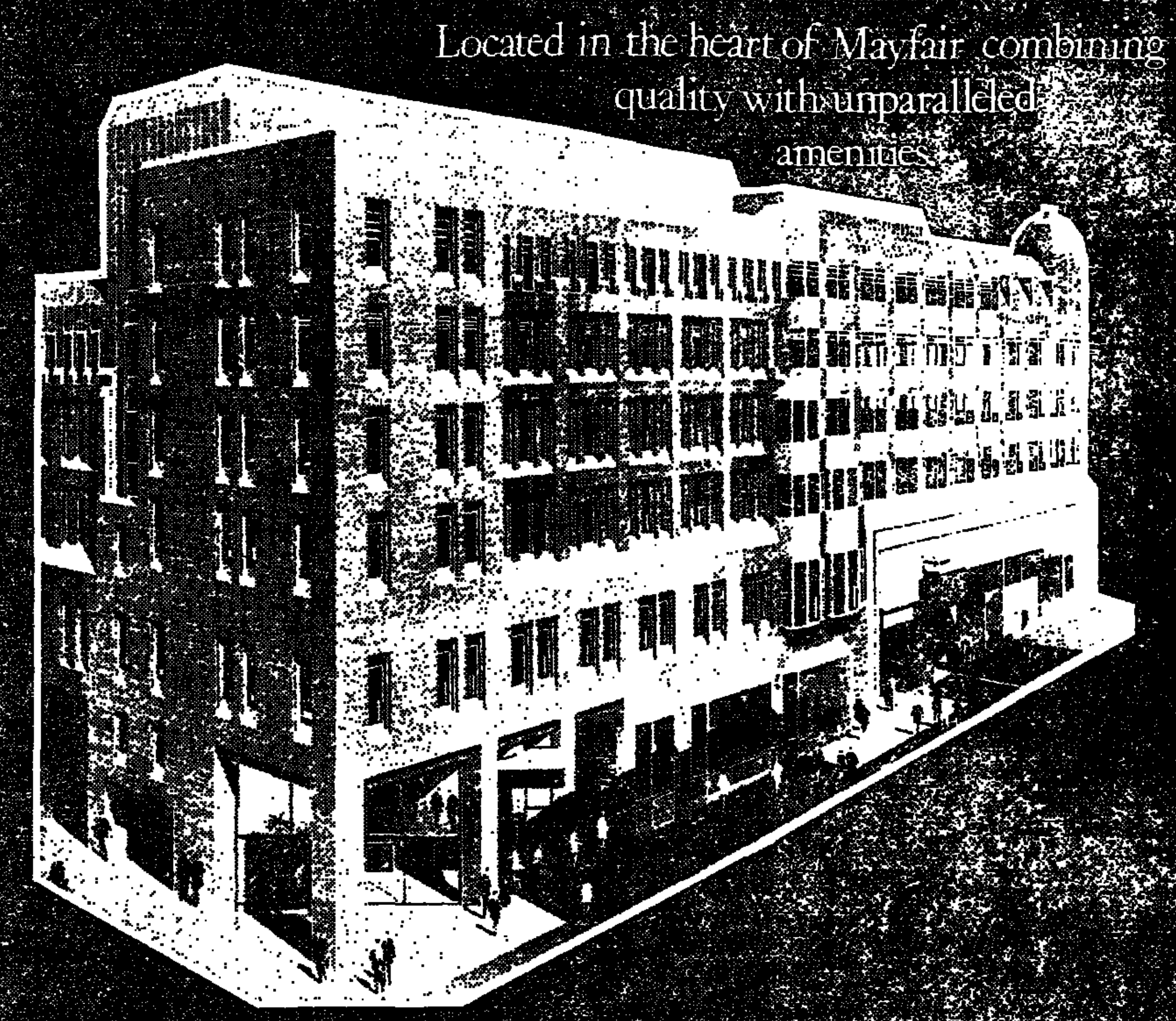

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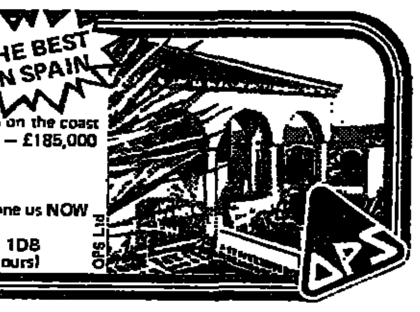

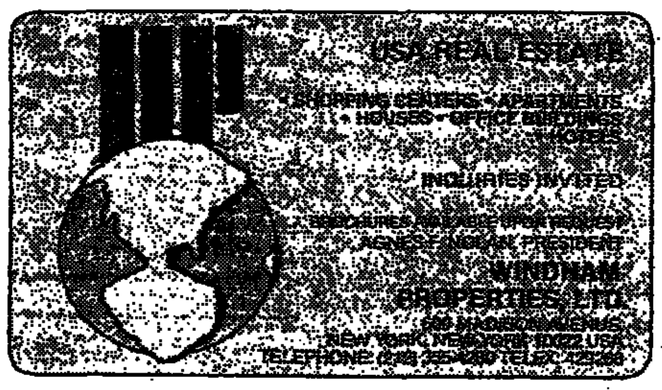

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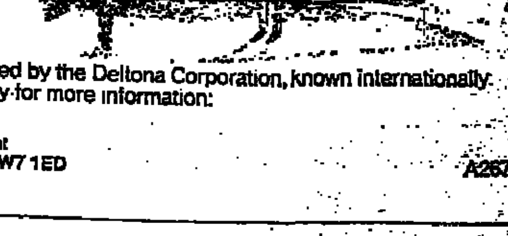

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Piecework bargaining: a striking contrast

BY GEOFFREY OWEN

DISORDERLY LABOUR relations in British factories stem in part from the persistent tendency for small groups of workers to take disruptive action in pursuit of sectional objectives. Why do they behave in this way? Is it because, unlike their counterparts in West Germany or Japan, they feel greater loyalty to their immediate workplace colleagues than to other employees in the factory or to the enterprise as a whole? Are they seeking to exert more direct control over their own pay and working arrangements? Or is it somehow all the fault of management?

Some interesting light on these questions is shed by a study of two tyre factories in Britain and West Germany carried out by Ian Maitland, an assistant professor at the University of Minnesota; the findings are described in an article in the November 1980 issue of the British Journal of Industrial Relations.* The two plants belonged to the same multinational company, used the same equipment and operated similar systems of payment by results.

Endemic work stoppages

"Labour relations in the British factory," says Maitland, "were marked by confrontation between groups of workers and management which took the form of endemic work stoppages and other bargaining pressures. In sharp contrast the West German factory had never experienced a work stoppage and was virtually free of shop-floor bargaining."

Yet in both factories pay was a "consuming, often obsessive preoccupation." Whether workers were working, arguing or striking, the objective was generally the same: to protect or improve earnings.

Maitland points to the striking differences in the way piecework earnings were arrived at in each factory:

1. In Britain the piece rate for the job was bargained over; in West Germany workers' representatives checked the industrial engineering department's estimates for accuracy.

2. In Britain workers insisted on bargaining over the value of each job, to get the highest price the market would bear; in West Germany the issue was the technical one of establishing the correct standard time for the job.

3. In Britain, as each new job was introduced, its piece rate became the subject for a fresh round of bargaining, without much regard for the rates established for comparable jobs; in West Germany the values for new jobs generally required no further time study since they could be derived from existing values for comparable jobs.

4. In Britain factory negotiations over piece rates were conducted between management and workers or work groups directly involved; in West Germany the right of co-determination over piecework values is statutorily vested in a sub-committee of the factory works council. In this case it was exercised by the works council chairman (who had been trained in work study).

The rationality of the West German system made for stable earnings and stable relationships between the pay of different groups. Piecework bargaining in the British factory had led to a proliferation of anomalies and inequities in the pay structure. Payments for non-piecework time had become grossly devalued in comparison with piecework earnings, which had "drifted" because of rate-bargaining and falsification of time reports. Differentials no longer reflected acknowledged differences in skill and effort. Pay came to be seen as the product of the capricious workings of the bargaining system.

To correct these anomalies groups of workers stepped up their pressures on management and falsified time reports even more brazenly. "This resulted in still deeper inroads into management's control over pay and work. However, control did not pass to the workers collectively, e.g. to their elected representatives, but was dispersed among separate groups of workers. In attempting to exploit its power to force a resolution of its own grievances, each individual group contributed to a further disorganisation of the pay system."

The "demoralisation" of the pay system contributed to a general lack of confidence in the management. One of the complaints was directed at the unwillingness or inability of supervisors and junior managers to deal promptly with grievances close to the source of the trouble. Yet, as Maitland explains, the bargaining system made it extremely difficult to settle grievances at source. "In order to minimise the risk of supervision or junior management setting precedents that might be exploited for bargaining purposes by other work groups, senior management found itself compelled to centralise decision-making in its own hands."

It is sometimes argued that in West Germany there is a greater consensus between workers and management about the objectives of the business and about how the factory should be run. But Maitland points out that the disorder in the British factory stemmed not from a breakdown of consensus but *from a breakdown of "government" in the workplace.* "Without exective government the consensus simply could not be administered or its terms imposed on recalcitrant minorities. In these circumstances *individual groups of workers turned to self-help.*"

The workers in the British factory tended to define their pay goals in terms of the earnings reached by other groups of workers. For the most part *their goals were limited to maintaining their relative position* in the factory's pay hierarchy and to ensuring stable earnings. However, these goals were constantly frustrated by the disorder in the pay system. In the face of the inability of the management or workers' representatives to restore order, work groups took the law into their own hands. "In the resulting war of all against all, no group of workers, however committed to the norms of industrial relations, could realistically afford to remain aloof from the scramble."

Hard-won truce

In the West German factory management and works council were able to supply the *co-ordination necessary to maintain* a structure of earnings that was broadly accepted as legitimate. The centralised and "expert" determination of piecework values made possible a more coherent and stable pay structure: there was considerably greater freedom to correct such anomalies as did arise (since piece rates did not represent the terms of a hard-won truce); and the fact that pay *decisions were being made by* people above the battle and beholden to no particular constituencies in the workplace (the works council represents all workers); it relieved workers of the need to be on constant guard over their own interests.

* *Published by the London School of Economics and Political Science, Houghton Street, London WC2. £4*

A call for positive discrimination

Nicholas Leslie on a 7-nation report on small business

IF SMALL business in the UK is to be afforded the level of priority by government that it enjoys in many other major industrial countries there must be positive discrimination in its favour. Equally, there must be simplicity and decentralisation in the manner in which any measures introduced by government are effected if small business is to be certain of benefiting.

This is the general tenor of a report,* published yesterday, which looks at the current state of small business in seven countries. The report, prepared by the Economists Advisory Group and sponsored by Shell UK, is not particularly explicit about how simplicity and decentralisation can be achieved. However, the general ideas of the author, Graham Bannock—who ten years ago was research director to the Government's Bolton Comittee on Small Firms—emerge as he puts forward recommendations that, if acted upon, would draw together many existing government and other agencies, with some being given greater powers to assist small firms directly, and see the creation of new organisations, such as an English Development Agency.

Among the main recommendations in the report are the creation of a small firms loan guarantee scheme, a special fund derived from North Sea oil revenues, a simplified tax system and the creation of Small Firm Investment Companies, with special tax status, that would invest chiefly in the equity of small companies (SFICs were also recommended by the Wilson Committee on City institutions).

Some developments in these areas may well be seen shortly as there is a strong belief that a loan guarantee scheme will be introduced in the forthcoming Budget on March 10, or around that time, together with tax concessions for individuals or institutions that invest in small companies—if not for the small firms themselves. This may be by way of SFICs.

The report covers the small business climate in France, Germany, the Netherlands, Japan, the U.S. and Canada as well as the UK. It embraces much of the ground covered in a discussion paper† published last September (see this page, September 3, 1980) and much the same sort of recommendations are made. However, there is more detailed background on each country and more diverse courses of action are included: 30 in all covering legislation which would broadly define and recognise small business, and re-shape governmental agencies, tax, finance, training and methods for improving relations between small business and government.

The report highlights the degree to which the UK fails to recognise its small business sector, particularly in relation to the U.S., Japan, and Germany which have the strongest explicit policy stances. Although the British tax system is felt to be no more complex than that of the other countries, the report maintains that the British system is less sensitive to the needs of small business.

The creation of a small *firms research institute is* recommended because, although on a macro level Britain's small industry statistics compare favourably with those of other countries, it "rather lacks research into the more practical matters *affecting* small business; management, accounting and training problems, sectoral studies, efficiency comparisons and policy research." Examples worth noting, according to the report, are *the West German Institut* fur Mittelstandsforschung and the Economisch Institut voor let Midden-en Kleinbedrijf, in the Netherlands. The institute could be funded by large *companies and the Government.*

The report suggests that it is wrong to give the impression that research institutes in Germany and in the Netherlands (where there are several) play a "crucial role" in their countries; rather they are a "part of the more favourable overall environment for small business." Another point made in favour of a British small firms research institute is that the *bias in economic research* towards large scale activities "has reinforced the political biases in favour of these activities and perpetrated discrimination against small firm interests in economic policy." Also it is felt that, quite apart from research for policy purposes, "there is a need for research to improve management in small business."

* *The Promotion of Small Business: a Seven-Country Study, prepared by the Economists Advisory Group for Shell UK, World Trade Centre, 52, St. Katherine's Way, London, E1. £15.50 + £1.50 p and p.*

† *The Organisation of Public Sector Promotion of Small Business. A Discussion Paper. Economists Advisory Group for Shell UK, address as above.*

Putting money where the mouth is

Publishing is in the doldrums but one venture has got off to a good start. Guy de Jonquieres reports

PUBLISHING a book at one's own expense is often a rich man's indulgence or a recipe for financial disaster. But by doing almost everything themselves, including setting up *their own publishing company,* John and Sonja Besford have discovered that it can be made to pay its way—even on a small print run of a few thousand copies.

John Besford is a lecturer in dental prosthetics (false teeth to you) at the London Hospital Dental School. At the risk of putting himself out of a job, he has formed an almost evangelical conviction that most people would never need dentures if they were taught from childhood to look after their teeth properly.

His views are expounded in a snappily-written paperback entitled "Good Mouthkeeping." Illustrated with his own line drawings, it explains the causes of common oral disorders like dental decay and receding gums and offers practical advice on *how to prevent them.* Avoiding sugar, as well as correct brushing and flossing, is one of the book's key recommendations.

The book, which appeared last year, might still be languishing in manuscript if his Yugoslav-born wife Sonja had not been determined to get it into print. Though her previous experience of the book world amounted to one year working as a translator for a London publishing house, she enthusiastically took charge of the business arrangements.

The Besfords decided at the outset to save on overheads by not going through an established publisher. Instead, they set up their own company, the Debeli Press, for less than £100, with their Woolwich home as headquarters. Debeli, which means "little fat one" in Sonja's native Serbo Croat, is her nickname for her stockily-built husband.

After ringing round a number of printers for estimates, they finally settled on a small company in East London which quoted them a price of 50p per copy for 5,000 copies. "It was their first book. They'd only done brochures and pamphlets before, but they were keen to have a go," according to Sonja.

To cut costs still further, the Besfords decided not to have the text professionally typeset, but to have the typewritten pages reproduced directly by offset litho. Sonja hired an electronic typewriter and spent up to 17 hours a day over four months making a fair copy and pasting on John's pen-and-ink illustrations.

After investigating the possibility of using a professional distribution firm and judging it to be too expensive, they set about promoting and marketing the book themselves. They quickly discovered that to get publicity, nothing worked quite as well as the direct approach.

Studio

Lying in bed at home one morning recovering from a bout of 'flu, John Besford decided to call up the producer of the BBC Radio consumer programme, "You and Yours." Three hours later he was sitting in the studio taking part in the live show. Other talk show appearances followed, along with reviews in a variety of magazines.

Professional dental conferences proved a useful outlet. Many a delegate has found a copy of the book being pressed into his hand in exchange for £2. Friends of the Besfords have also grown used to seeing them arrive on the doorstep, holding a clutch of copies ready to be sold to fellow guests at dinner parties.

They have now sold more than 3,000 copies at £2 each, more than covering their outgoings. They are now thinking about a second book, also on health care.

Apart from being struck by occasional bouts of despair, when they wondered whether they would ever complete the project, the Besfords say that the hardest part of the whole exercise was dealing with friends who insisted that it would never succeed. By putting the mouth where the money is, the Besfords have conclusively proved them wrong.

Debeli Press; 15, Willenhall Road, London, SE18. £2+50p p and p.

"If you had read my book on dental care, price £2, available here, you wouldn't have touched that pudding."

LOMBARD

Scott and the price of caviar

BY ANTHONY HARRIS

THE SCOTT REPORT has not on the whole been popular with the Government or in the City: nor indeed has it commended itself to all our readers. Looking through the comments, the detached judge can draw one clear conclusion straight away. Whether or not the report is nonsense in itself, it has already proved to be a great provoker of nonsense in others. As ever, this column is ready to clarify whatever you thought you understood before.

Fund managers

The first nonsense concerns the shocking Scott proposal that indexed pensions should not be an exclusive privilege of civil servants, but should be available to the private sector. Impossible, say the fund managers who don't want to be shown up. Inflationary, say those who think it can be done. Both wrong.

The point can best be illustrated with a little-known episode in Russian history, when it was noticed that the entire national supply of caviar was being consumed by various party men. The Supreme Soviet said that this was an immense privilege, in return for which the apparatchiks should reduce their demands for other privileges such as *dachas* and chauffeur-driven *Zims*. Nonsense, said the apparatchiks: they were bored with caviar anyway, and only kept it to themselves because there wasn't enough for anyone else.

So the Central Committee appointed a sub-committee under Comrade Skottski, which concluded, to the horror of one and all, the caviar should be made availabe to the general populace. It might be a useful incentive. The Party men said there wasn't enough to go round, but the Comrade replied that he wasn't talking about an allocation, simply about availability.

The Skottski overstepped the mark. He suggsted that since no-one knew the value of caviar, it should be sold on the black market (known in the decadent West as a free market). This brought instant condemnation. The Commissar for Rewards in Kind, a man called Boyleski, said that this would question his wisdom in setting values on rewards. The apparatchiks, who realised that there might be riots if anyone discovered the true value of their caviar supplies hushed the whole thing up, which is why you have never heard about it.

And after the dust had settled, the lady Magyar who had first suggested appointing Skottski expressed her own just anger. "The silly fellow," she muttered. "I told him that he was there simply to report that nobody should get any caviar. Envy corrodes the Socialist state.

From which you may gather that I have some sympathy for Skottski. Or rather for Scott. It would seem to me an excellent idea to have some indexed securities available so that we could put a price on indexed pensions—which would both establish their value to the privileged and make them available (available, I repeat—not universal) in the private sector.

Unfortunately this brings us to the second layer of nonsense. Half the people in the City who discussed indexed securities with such learned horror clearly don't know caviar from processed cod's roe, or an indexed security from an opera hat.

For the general good, then, let me point out that an indexed security is not a security which pays "x per cent plus the rise in retail prices," a dangerously meaningless formula which is at large in the City. That is to say, if the "real" yield is 3 per cent and the rate of inflation is 10 per cent, the coupon on £100 worth of stock will not be £13, but £3.30. We are talking about protecting income, not paying off the erosion of capital in cash—let alone paying it off in cash year by year, and then indexing it all over again on redemption day.

Real value

All of which suggests first, that the amount of money which would have to be printed to service such a stock would not be excessive: and secondly—even on the Scott assumption on real yields, which is probably too high—that the value of an indexed life annuity is not negligible, but not impossibly high either. Very much the same, in fact, as the price of such an annuity in the days when Consols yielded 3 per cent and no-one bothered their heads with real values—or, for that matter, with the price of caviar.

A new town runs out of time

BY LORNE BARLING

AROUND BRITAIN

REDDITCH

THE PEOPLE of Redditch new town can at last see an end to the headlong development they have experienced over the past decade-and-a-half, with the development corporation scheduled to wind up its activities by September next year.

Most would agree that the transformation of Redditch, from a typical Victorian industrial town into a modern manufacturing centre, has been efficiently achieved, although at considerable inconvenience as roads and shopping centres have been demolished and replaced.

But it appears that while years of meticulous planning have gone into the physical changes, not much thought has been given to the political and organisational consequences of such a sudden growth.

As a result, when the development steamroller is finally brought to a halt next year, there is unlikely to be a suitable body to take over the assets of the Redditch Development Corporation and its 400 employees.

The Conservative-controlled council has made it clear that it does not have the resources, nor very much desire, to take on what it regards as a potentially expensive burden of housing, factories and large areas of land, which would all be transferred to it from the corporation. The council fears that many profitable assets will be sold off, in line with Government policy, and it will be "a dustbin" for the rest.

With time running out fast, it now seems likely that the assets will be split, possibly with the Government being forced to accept some ownership unless it can provide funding guarantees which satisfy the council.

Redditch was designated a new town in 1964, mainly to assist overspill in Birmingham and the West Midlands, but much of the new investment came from outside the Midlands, and at a quickening pace. Around 1,000 houses a year were built, half by the public sector, to meet the demand.

The existing town had a population of around 30,000 people, which has risen to 65,000 now and will eventually reach 85,000 (compared with an original target of 90,000). What the planners did not foresee was a population of 500,000 within a 20-minute driving radius of the town centre.

Industrially, the town has diversified enormously. Before the war the three big employers were "the Austin" at Longbridge, a few miles to the north, the Royal Enfield motorcycle factory and Terry Springs in Redditch.

The knitting-needle industry also employed thousands, many of them women in their homes polishing the needles, and Abel Morrall is one of the remaining companies in this field, although the industry has declined from its peak when it produced 95m needles a year.

Some of the newcomers, since the demise of Royal Enfield, have been BL's computer centre, BKL Alloys, GKN Contractors, and a number of foreign concerns, such as Marubeni-Komatsu and Heller, the German machine-tool company.

The new town corporation bought and redeveloped the Enfield site, creating two-and-a-half times more jobs, and has built more than 350 new factory units amounting to over 3.6m sq ft of space.

Much of the larger factory development has been achieved with the participation of institutions, which retain major holdings. One proposal now being considered is a joint holding company, owned by these funds, to administer industrial property when the corporation is wound up.

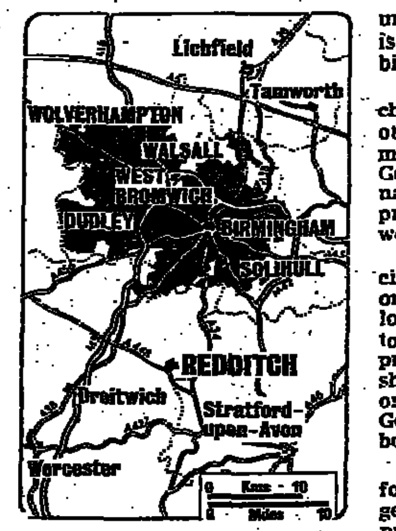
The Development Corporation is now highly experienced in the job of getting companies settled in the area.

The primary aim is to provide as much choice as possible so that companies can either rent their factory space from the corporation, build a factory with their own funds and to their own design, or perhaps negotiate a deal with a pension fund or insurance company to have a factory built to a design provided by RDC architects.

Sufficient land is normally made available for companies to be able to double the size of their factory space at a later stage, making it unnecessary to move to a new location when expanding. The RDC also undertakes to provide rented housing for the whole workforce of an incoming company, or to offer houses for sale.

The disposal of its housing next year will be a major headache for the corporation, although this could have been worse if it had followed the practice of some new towns and retained ownership of a high proportion of those built. In fact, it was decided at an early stage that 50 per cent would be owner-occupied.

Mr. Norman More, general manager of the corporation believes that efforts to complete the development plan by next year are now being seriously hindered by the uncertainty over which authority will take over, and he is critical of the Government's decision to disband the New Towns Commission.



"This is typical of central Government. They decide to get rid of quangos, which is all very well, but they do not consider the wider implications," he says.

He admits that some form of housing association, set up by the Treasury, may be an answer to one of the problems, but it is clear that the town is heading for some form of piecemeal administration of the corporation's assets unless the council changes its mind, which is unlikely since the Labour group is equally opposed to responsibility.

Mr. John Weth, the council's chief executive, points out that other new towns are claiming millions of pounds from the Government to meet maintenance costs on some of the progressive schemes which were undertaken.

Overall, he believes the council might be persuaded to take on a viable mix of assets, as long as they have the potential to be profitable. Another recent proposal is that the council should run the RDC's housing on an agency basis, with the Government or an independent body retaining ownership.

A similar management role for the council has been suggested for the industrial property, but this would involve bringing together all the institutional owners of factories, which is regarded as impractical.

However, it seems increasingly likely that the pension funds and insurance companies will have to become involved as a group at some stage.

Mr. Weth believes that the problems at Redditch, caused partly by the Government's tough policy on spending, will also emerge nationally as other new towns move towards completion. "The Government is sitting on a time bomb," he declares.

Rivals may cross Broadsword

RACING

BY DOMINIC WIGAN

THE PRESENCE of Broadsword in today's renewal of the Stroud Green Hurdle has not, as might have been anticipated, scared away the opposition. Eight trainers have decided to tackle the Daily Express Triumph Hurdle favourite and Broadsword faces two underrated rivals, Drumburn and Hill's Northern.

Broadsword may well win, but in view of the fact that his Tolworth Hurdle form was let down badly yesterday when Bickleigh Bridge, the four-length runner-up, posed no threat at Wincanton, I believe backers will do better to take an each way chance with Drumburn.

Turning to the north, Sedgefield racegoers will do well to examine the claims of Pounentes in the Ryhope Novices Hurdle. Gordon Richards has quietly been bringing along this promising recruit to hurdling and the four-year-old is sure to improve on his recent running at Catterick.

There Pounentes was staying on best of all when six of 16 behind Home Ground, having drifted in the betting to 12 to one from half those odds.

Timeform's mammoth Racehorses Annual will soon be available but for those eager to make an early start to their preparations for the 1981 Flat season, Timeform Computer Time Figures of 1980 is already on sale. This handy sized volume (£10.50 from Timefore, Halifax, West Yorks HX1 1XE) could prove an invaluable weapon for the discerning backer during the 1981 campaign.

It lists the complete time performances of about 3,500 horses with the date, track and position at the finish for each, as well as the race distance, state of the going and computer calculated time figures recorded on each of its outings on all race courses having Watesta or Omega timing equipment, and on other courses for which reliable hand times are available.

Phil Bull's introduction to Computer Time Figures explains what is involved in the calculations and how to interpret them.

Also included in this volume are Phil Bull's personal reflections on the 1980 Flat season, together with lists of last season's fastest two-year-olds, three-year-olds and older sprinters, milers, middle distance horses and stayers.

NEWBURY
1.30—Broadleas
2.00—Kilbroney
2.30—Drumburn**
3.00—Approaching
3.30—Spider's Web
4.00—Full Sutton*

SEDGEFIELD
1.15—Pounentes***
2.45—Hallex Pep

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 2.02 For Schools, Colleges. 3.20 Eira Ddue. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Finders Keepers. 5.05 Grange Hill. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 The Superstars.
8.00 The Walls of Jericho.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 Peter Skellern (London and South-East only).
10.45 News Headlines.
10.50 Royal Heritage.
11.50 Ballroom Champions.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—1.45-2.02 pm O Dan Y Mor. 2.02-2.22 I Ysgolion. 4.45-5.05 Siams Sione. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 Triangle. 7.50-8.50 The Superstars. 10.15 Week In Week Out. 11.05 News for Wales. 11.06 Royal Heritage. 12.05-1.28 am The Late Film: "Subterfuge," starring Joan Collins.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 It's Himself . . . Norman. 10.45-10.50 News for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Spotlight. 10.45-10.50 News for Northern Ireland. 12.35 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds): Look North (Newcastle): Look North-West (Manchester): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) Weekend: Midlands (Birmingham) Midlands Tonight: North (Leeds) Politics North: North-East (Newcastle) Coasts to Coast: North-West (Manchester) Home Ground; South (Southampton) The Pacemakers: South-West (Plymouth) Parallels: West (Bristol) One Iron Horse—Handle With Care.

BBC 2

11.00 am Play School.
†5.35 pm Charlie Chaplin in "The Rounders."
6.00 Monkey.
6.45 Speak For Yourself.
7.10 Mid-evening News.
7.20 Oxford Road Show.
7.55 In the Country.
8.25 A Party Is Arranged.
9.00 Call My Bluff.
9.30 Playhouse.
11.00 Newsnight.
11.45 Friday Night . . . Saturday Morning.

LONDON

9.30 am Schools Programmes. 12.00 The Magic Ball. 12.10 pm Once Upon a Time. 12.30 A Better Read. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "The Girl Who Came Gift Wrapped." 4.15 Dr. Snuggles. 4.20 The Adventures of Black Beauty 4.45 Animals in Action. 5.15 Clapperboard.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Family Fortunes.
7.30 Vegas.
8.30 The Gaffer.
9.00 Second Chance.
10.00 News.
10.30 Benson.
11.00 The London Programme: Lead Poisoning in London?
11.35 Mannix.
12.30 am Close: Personal choice with Jeremy Lloyd.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty 2.25 Friday Film Matinee: "Bachelor Of Hearts." 6.00 About Anglia 7.30 The Incredible Hulk. 10.30 Seven Days 11.00 Soap 11.30 Friday Late Film: "Attila The Hun" starring Anthony Quinn. 1.00 am At the End of the Day

ATV

1.20 pm ATV News 2.45 Oddball. 2.55 Movie Matinee. "The Daughters Of Joshua Cabe Return." 6.00 ATV Today. 7.30 Charlie's Angels. 10.30 Soap 11.00 ATV News. 11.05 "Corruption," starring Peter Cushing.

BORDER

1.20 pm Border News. †2.45 Matinee. 6.00 Lookaround Friday. 6.30 Survival. 7.30 Charlie's Angels. 10.30 Your MP. 11.00 Quincy. 11.55 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News What's On Where, and Weather. 2.45 The Friday Matinee: "Escape To Burma" 6.00 Channel Report. 6.30 Encore. 6.55 What's On Where 7.30 The Incredible Hulk 10.28 Channel Late News. 10.36 Soap. 11.05 SWAT. 12.00 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 Friday Matinee. "The New Daughters of Joshua Cabe." 6.00 North Tonight. 7.30 Charlie's Angels 10.30 Police Surgeon. 11.00 Amateur Boxing (Scotland v. Sweden). 12.00 Seachd Laithean: Review of the week's news from Scotland in Gaelic. 12.15 am North Headlines and Road Report.

GRANADA

1.20 pm Granada Reports 2.00 Live From Two. 2.45 Friday Matinee: Anthony Steel in "Checkpoint." 6.00 Granada Reports. 6.30 Kick Off 10.30 A Week on Friday. 11.00 After All That, This. †11.10 Film of the Book: Leslie Caron and Tom Bell in "The L-shaped Room."

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 The Friday Matinee: "Istanbul Express." 6.00 Report West. 6.30 WKRP in Cincinnati. 7.30 Chips. 10.28 HTV News. 10.35 Report Extra. 11.05 Soap. 11.35 Camera.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 12.00-12.10 pm Ffalabalam. 4.15-4.45 Dewar Galed? 5.15-5.45 The Muppet Show. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Friday Matinee: "The Daring Dobermans." 6.00 Scotland Today 6.25 Sports Extra. 6.45 Hear Here. 7.30 Thingummyjig. 10.30 Ways and Means. 11.00 Late Call. 11.05 Movies Through Midnight: "The Bliss Of Mrs. Blossom."

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 "The King's Pirate," starring Doug McClure. 5.15 Mr. and Mrs. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Out of Town. 7.30 Charlie's Angels. 10.35 Silver Needle. 11.05 Benson. 11.35 The Late, Late Show: "The Man To Kill."

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News and Lookaround. †2.45 Friday Matinee: "Miss Robin Hood," starring Margaret Rutherford and Richard Hearne. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North-East News. 10.32 Film of the Week: "Castle Keep," starring Burt Lancaster. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Watusi." 4.13 Ulster News. 6.00 Good Evening Ulster. 7.30 Charlie's Angels. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Benson. 11.35 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "Escape To Burma," starring Barbara Stanwyck. 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 7.30 The Incredible Hulk. 10.32 Westward Late News. 10.36 Soap. 11.05 SWAT. 12.00 Faith For Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Friday Film Matinee. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 Hawaii Five-O. 10.30 Soap. 11.00 Pro-Celebrity Snooker. 11.45 Lou Grant.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2 7.00 Mike Read. 9.00 Simon Bates 11.00 Andy Peebles. 12.30 pm Newsbeat 12.45 Paul Burnett. 2.32 Dave Lee Travis. 4.32 Steve Wright 5.30 Newsbeat 5.45 Roundtable. 7.31 Anne Nightingale 10.02-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S) 7.32 Terry Wogan (S). 10.03 Jimmy Young (S) 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) 4.03 Much More Music with David Symonds (S) 6.03 John Dunn (S). 8.03 Barn Dance in the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Castle's On The Air 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather 7.00 News 7.05 Overture (S). 8.00 News 8.05 Morning Concert (S) 9.00 News 9.05 This Week's Composer: Wolf 9.45 Baroque Wind Trios (S). 10.10 Music at the Crystal Palace (S). 11.10 Cello and Piano recital (S). 12.05 pm The English Concert, part 1 (S). 1.00 News. 1.05 The English Concert, part 2 (S). 1.40 Beethoven and Frankel Trios (S). 2.25 Test Match Special—First Test: West Indies v. England 4.55 News 5.00 Mainly For Pleasure (S) 6.55 Play It Again (S). 7.00 Haydn (S) 7.30 John Williams guitar recital, part 1 (S). 8.10 Humbert Wolfe—A Poet in Whitehall. 8.30 John Williams, part 2 (S) 9.10 One Pair of Ears 9.25 Music In Our Time (S). 10.25 She Found It At The Movies. 11.00 News 11.05 Gypsy Songs by Brahms (S). 11.15-11.30 Test Match Special (Review of day's play).

VHF—With Medium Wave above except as follows: 2.25 pm Liszt piano recital (S). 3.15 Fauré and Kalinnikov concert (S). 4.20-4.55 Friday Afternoons (S). 11.15-12.15 am Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs (S) 9.45 Feedback. 10.00 News 10.02 International Assignment 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 A Life Kept Always Young (portrait of Eleanor Farjeon). 11.50 Natural Selection. 12.00 News 12.02 pm You and Yours. 12.27 My Music (S) 12.55 Weather; programme news. 1.00 The World at One 1.40 The Archers. 1.55 Shipping Forecast 2.00 News. 2.02 Woman's Hour. 3.00 News 3.02 Afternoon Theatre (S). 4.05 Weigh-in. 4.15 Poetry Up To Now. 4.45 Story Time. 5.00 PM: News magazine 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places with Barry Norman. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon explores the BBC Sound Archives. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.05 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM — Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports 7.00 pm London Life—Carol Allen 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

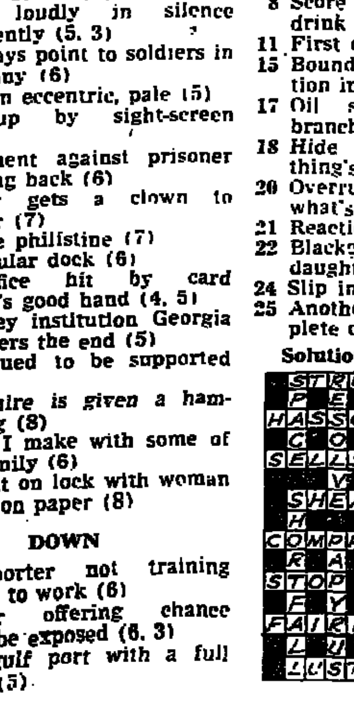
6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report 1.10 Graham Dene (continued). 3.00 Roger Scott 7.00 London Tonight 9.00 Nicky Horne 11.00 Greg Edwards live from The Best Disco in Town at the Lyceum. 12.00 Richard Allinson's After Midnight.

F.T. CROSSWORD PUZZLE No. 4,494

ACROSS
1 Beast allowed round to get to work (6, 2)
5 One politician by statute orders strike (6)
9 Talk loudly in silence apparently (5, 3)
10 Railways point to soldiers in Germany (6)
12 He's an eccentric, pale (5)
13 Make-up by sight-screen (3, 6)
14 Argument against prisoner drawing back (6)
16 Doctor gets a clown to soldier (7)
19 Simple philistine (7)
21 Particular dock (6)
23 Box-office hit by card player's good hand (4, 5)
25 Cockney institution Georgia considers the end (5)
26 Continued to be supported (4, 2)
27 Yorkshire is given a hammering (8)
28 Scene I make with some of the family (6)
29 Die out on lock with woman ahead on paper (8)

DOWN
1 Transporter not training people to work (6)
2 Striker offering chance could be exposed (6, 3)
3 Left gulf port with a full cargo (5)
4 Stuff Welsh river before tea break (7)
6 Month spent on parade (5, 4)
7 Member newsman equipped (5)
8 Score half to string together drink (4, 4)
11 First category (4)
15 Bound to find accommodation in pub (4, 5)
17 Oil supplier with many branches (5, 4)
18 Hide from neat young thing's family (8)
20 Overruling objections to what's left of cricket (4)
21 Reactionary stamp firm (7)
22 Blackguard going with daughter is fly (6)
24 Slip into sound circuits (5)
25 Another form etc to complete composition (5)

Solution to Puzzle No. 4,493



ENTERTAINMENT GUIDE

THE ARTS

Cinema

Shots in the dark by NIGEL ANDREWS

Gloria (AA). Columbia.
Prostitute (X). Screen on the Green, Classic, Chelsea, Cinecenta.
The Ninth Configuration (X). Odeon, St. Martin's Lane.
The Cat and the Canary (AA). Odeon, Kensington.
Little Lord Fauntleroy (U). Classic, Haymarket.
Wuthering Heights (U). Gate Two and Gate, Mayfair.

Watching a John Cassavetes film is often like going on a rough Channel crossing. The camera is several sheets to the wind; the characters tend to wobble about just as much as they weave through life and wag their aggrieved fingers at Fate; and the stories are improvisatory assault-courses incorporating ideas from anyone who happens to be on the set or passing on the street.

In *Gloria* it's as if someone has had a word in Cassavetes' ear and told him to tone down his whirling-dervish reportage style and see what he can do with a "straightforward" story. The story, as it happens, is Cassavetes' own, although it was first written as an off-duty potboiler that he had no intention of directing himself. His title heroine is an ex-gangster's moll, played by Cassavetes' wife Gena Rowlands, who takes under her wing a young boy (John Adames) orphaned when the Mafia storm into his apartment killing his parents. Miss Rowlands, who lives just down the corridor, promptly hightails with him across New York, fleeing the Mob who want to exterminate Junior and complete the family killing.

Chase thrillers yoking unlikely partners-in-flight have long been meat and drink to the movies. Hitchcock in *The 39 Steps* handcuffed Robert Donat to Madeline Carroll and plonked them both down in the Scottish Highlands. Two decades later Sidney Poitier and Tony Curtis tripped the light fugacious in a Black-and-White combination in *The Defiant Ones*. In *Gloria*, a terrifically good-natured and buoyant film, the tensions buzzing between middle-aged heroine and pre-teen hero are so multi-level, the sexual and the filial vying in his regard for her, and the vibrations of fellow-feeling between them so piquant, as his fast-fading innocence meets the swift-shrinking resources of her experience, that it's like three or four odd-couple-on-the-run movies wondrously snarled up in one.

Cassavetes has a whale of a time powering this duo-in-distress through the classic chase convolutions, with here a hairsbreadth 'scape from hit-men on a darkened subway, there a street ambush in broad daylight. But he never sacrifices his stock-in-trade roughness of composition—in the anarcho-democratic Cassavetes world the camera has to jostle for space along with the characters—to the sleeker imperatives of a thriller plot. Humanism and high adventure join hands, and the film is at once the *gildungsroman* of two incongruous and age-divided orphans and a B-movie of lithe action and perfectly building suspense.

Grand performances all round, not least from the incomparable Gena Rowlands: a strapping and sardonic blonde with a heavy-lidded beauty and a wry, worldly grin. She holds us all in the palm of her gun-free hand right up to the moment when she walks tall and brave from an audacious audience with the Mafia chief. As she high-heels into the elevator with guns cocking and clicking multitudinously behind her, *sic transit*, or so we fear, Gloria. But even at the end the film has a surprise and a swetly stinging revelation up its sleeve.

Tony Garnett's *Prostitute* is also about plucky womanhood battling against a "mob." The woman is a Birmingham-based lady-of-easy-virtue (Eleandor Forsythe) and the mob is all those nasty people trying to render it difficult for her to make ends meet. They include policemen, town councillors, snooty neighbours and exploitative pimps and madames. Half way through the film our heroine packs her mascara and her handbag and zooms down to London to become a call-girl. But this genteel version of the White Slave Traffic appeals to her not a whit more than does propping up pavements, and 'ere long she has zoomed back to Birmingham wiser but not sadder and ready to carry the fight to the opposition.

Garnett, longtime producer and collaborator on Ken Loach's films, has shot this big-screen drama-documentary in colour-stock so raw and grainy it looks as if it has been dragged through barbed wire. Garnishing a scripted story with an air of improvisation and using little-known actors to help boost the illusion of a non-fiction expose, the film's shadow-boxing with truth may not appeal to all tastes. But as a varnish-stripping job on the world of prostitution—which movies never quite manage to deglamorise even when they're frantically signposting the squalor—it has few equals. Fine performances from all, and a woebegone rough-edged humorousness that augurs well for Garnett's future ventures.

The Ninth Configuration is a triple-threat oddity from William Peter Blatty, who wrote *The Exorcist* and wrote, produced and directed this bizarre successor. Deep in weirdest Washington State looms a Gothic castle, psychiatric centre for Vietnam war veterans, NASA drop-outs and other psycho-sociological dandruff brusquely scratched from the scalp of Uncle Sam. Hither comes Stacy Keach, "brilliant but unorthodox" military psychiatrist sworn to heal lunacy wherever it may lurk. In this establishment it lurks all over the place, and it's a deft eye that can sort out who's who among the staff and patients in determining dottiness.

Star casualty is Scott Wilson, an astronaut who aborted a space mission; and star suspects among the staff are clinic chief Ed Flanders, dishing out a batty line in bedside bonhomie, and S. Keach himself who is haunted by dreams of a brutal brother who went berserk in the Vietnam war. There's a brilliant idea lurking somewhere in this celluloid labyrinth—a sort of "One Flew Over The Dirty Dozen" hybridising raunchy war comradeship with the glassy *trompe l'oeil* of lunacy. But Blatty sprinkles humour and conundrums at us early on only to steer the film finally towards a religioso ending where science and the sardonic are rudely elbowed aside by the invocation of miracle. It's a rich and promising puzzle-picture that ends by disappearing up its own most crazy-paved cul-de-sac.

Gena Rowlands in Gloria

There's a lunatic loose also in *The Cat and the Canary*, a slow-off-the-shelf British remake of the twice-filmed comedy-thriller tale about wills and murder that last starred Bob Hope and Paulette Goddard. This version by Radley Metzger was lensed as long ago as 1978 and has obviously caused some heart-searchings. True, it looks a trifle hand-me-down, set in a sparsely furnished stately home where the patter of tiny bailiffs' feet never seems far away. But the script is briskly funny and the second-magnitude star cast act up a first-magnitude storm—from Wilfrid Hyde White as the dying millionaire toying prankishly with his prospective heirs to the heirs themselves, who play Musical Accents from a frightfully British Carol Lynley as heir-person most-likely to a bizarely Americanised Daniel Massey as heir-person least likely.

Meanwhile the dapper-jawed Edward Fox chews out pukka-potty one-liners as the local lunatic-asylum chief who drops by to warn everyone of an escaped maniac. "I've had to shoot him twice this year," he informs them conversationally: "once here" — throat — "and once here"—waist. "That seems a little excessive," says Wendy Hiller, drawling herself up in a distant corner. And so this cherishably off-kiltre camp romp romps on. Honor Blackman, Peter McEnery and Michael Callan also start, Alex Thomson stylishly photographed, and it's a fine old folly of whodunnit movie-making.

Since an early age I have always confused *Little Lord Fauntleroy*, small hero of Francis Hodgson Burnett's deathless Victorian weepie of that title, with the boy Fotherington-Thomas from the Willans-Searle "Molesworth" books. "Hullo, clouds, hullo sky," F-T (no relation) used to cry as he skipped around the school grounds prior to being set upon and clobbered by the school bullies. No reader that I knew ever felt inclined to go to his rescue and one feels just as backward in coming forward, *malgré* Ricky Schroder's plucky performance, vis-à-vis this golden-haired moppet who finds he's the American heir to a British aristocratic title.

Jack Gold directs this new film version with a straight face and a misplaced faith in the story's continuing potency. There are awful touches of hindsight social comment—including a shock-horror slum street where Sir Alec Guinness's serfs and dependents live in muddy penury—and the mise-en-scène is mostly as dreary and sclerotic as in a TV classic serial. Guinnes drones bravely into the breach as Lord Dorington, though the part calls for little more than a well-flexed eyebrow and a judiciously melting eye, and Connie (*Fawlty Towers*) Booth excels in the unlikely role of Lord F's American mother.

Why not while away a stylish two hours with William Wyler's reissued *Wuthering Heights?* Stormy scenery, classic deep-focus photography by Gregg Toland, and Olivier flexing the first and freshest of his 582 bizarre movie accents as Heathcliff. And a brand new print. Gate Two and Gate May Fair from this week.

An error in last week's cinema column gave the wrong venue for Tarkovsky's *Stalker*. It is showing not at Gate 3 but at Academy 1. Re-route yourselves and go and see one of the best films in London.

Coliseum

Madam Butterfly

by RONALD CRICHTON

Wednesday's revival of Colin Graham's 1974 production of *Madam Butterfly* for English National Opera brought Elizabeth Vaughan, making her debut at the Coliseum in a role she has sung at Covent Garden. It also brought more music excluded from the edition prepared by Puccini for the Paris premiere in 1906, with which most opera-goers were familiar until Joachim Herz produced a fuller version for his East Berlin staging some years ago and Julian Smith embarked on his critical edition in connection with Herz's subsequent production for Welsh National Opera.

Miss Vaughan, ever a thoughtful, committed performer, has refined and deepened her portrait. Small, slender figure is an obvious advantage. What could not be foreseen was the impressive, dignified way that her Butterfly visibly receded in the last scene from her adopted Westernisation back to her Japanese roots. Vocally the reading is uneven, but at its best very fine. There was a ring to the climaxes—the voice has gained in fullness at the top—but a tremolo in the lower part of the range clouded some of the most expressive phrases. Henry Howell's Pinkerton has enough oafish charm to make Butterfly's mistake credible. Patrick Wheatley is a sympathetic Consul Sharpless.

The restoration of music removed at one stage or another by the composer brings, as usual, advantages and disadvantages. The playing of Act 2 and 3 (the programme is evidently in two minds whether the opera is now in two acts or three) straight through without a break, as Puccini originally intended, is certainly preferable but makes the first act relatively too short. The imbalance naturally tempts producers and conductors to restore too much exotic detail to the long opening scene that paints Butterfly's milieu—detail that needs rather sharper treatment on the stage and in the orchestra pit than it received on Wednesday. The excision of the tenor aria (not part of Puccini's original scheme) is a gain. The less we see of the miserable Pinkerton after the first act the better.

The extra length makes sharpness of detail—and, be it said, sharpness of diction—extra important. The Sharpless and the Suzuki (Katherine Pring) were always clear. Miss Vaughan ("One Fine Day" is a narration, not a mediation) and Mr. Howell were only intermittently so. Once the retinue of friends and relations was out of the way, the conductor Steuart Bedford deepened his hold—orchestral colour-washes, so to speak, were more deftly applied than small brush-strokes. There was a sense, unusual in this score, of long musical paragraphs. The Bonze of Richard Angas and the Yamadori of William Shimell were notably good.

Festival Hall/Radio 3

The Plague by ANDREW CLEMENTS

The B B C Symphony Orchestra's 50th anniversary season is quite properly an occasion for recollection to remember the orchestra's chief conductors and to revive works written for it. Wednesday's Festival Hall concert was conducted by Antal Dorati, chief conductor from 1963 to 1966, and he brought one of the commissions introduced during his tenure. Roberto Gerhard's *The Plague* is a curious amalgam of dramatic cantata and symphonic poem, its text abstracted from the novel by Albert Camus.

The narrative of *The Plague* is sustained by the speaker (Michael Rippon in this performance) and the orchestra and chorus share the descriptive effects: evoking the atmosphere of the plague-ridden town, the invasion by rats, the reaction of the townspeople and their final deliverance. Gerhard's orchestral writing in the 1960s was well suited to this kind of instant characterisation—after all, many of his scores are sustained more by their control of instrumental texture than by anything else. But already the gleaming surfaces, the preponderance of percussion in the writing, is beginning to sound dated, and *The Plague* stretches these effects over too great a time span. There are telling moments—the use of timpani to underpin the chorus when the disease gains its hold on the town, for example—but equally there are predictable stretches that do not do much to embellish the factual presentation of the story. Michael Rippon's delivery could have underlined this cool impartiality more and given more vivid relief to the orchestra's contribution; the fundamental fault, though, lies with the work itself.

The concert was completed by Britten's Spring Symphony, with Sheila Armstrong, Sarah Walker and Anthony Rolfe-Johnson as the well-matched trio of soloists. Miss Walker in particular made the central Auden setting the work's emotional centre: elsewhere there was much vivid singing from the BBC Singers and Chorus, but the suspicion that Mr. Dorati was treating the music too carefully made it seem more precious than robust.

Toby Robertson to direct Shakespeare in Peking

Director Toby Robertson, together with designer Alan Barrett, has left for Peking where he will direct *Measure for Measure* in Chinese for the Peking Peoples Art Theatre. His visit takes place in association with the British Council.

In 1979 the Old Vic with Toby Robertson's production of *Hamlet* played in the Peking Peoples Art Theatre.

National Theatre audience survey

At a time when it is playing to near capacity in all three of its auditoriums, the National Theatre has commissioned a comprehensive and long-term survey of its audiences.

The survey will span two years, and is the first ever to attempt continuous research concentrating on one theatre over a long period.

It will be carried out by Marplan, a leading market research agency, and by the City University, which has created for the purpose the new post of Fellow in Arts Administration Studies.

Marplan's part in the survey will be paid for by themselves and Capital Radio. The City University's part will be paid for by a charitable donation.

The aim of the survey is to discover, collate and analyse the public's attitude to visiting the NT, their response to the various services it provides, and the structure of its audiences.

Oxford Playhouse

No End of Blame by MICHAEL COVENEY

Bela Veraček is another of Howard Barker's disillusioned derelicts, only this time he gives us the whole story. Bela is a socialist cartoonist—"the cartoon is the lowest form of art, but the most important"—who is thrown out of Hungary after serving in the first War and hounded out of Russia after having difficulty with the socialist propaganda line. On arriving in England, Paul Freeman suddenly accentuates the alien status by adopting a thick mittel-European accent (a stunning theatrical effect) and the parallels with the cartoonist Vicky become apparent.

These parallels are emphasised in Gerald Scarfe's marvellous projected drawings. One shows Lenin peeping at Stalin's grotesque activities; another depicts English capitalism throttling a soldier who, in turn, is throttling Hitler; and, finally, an exploding skull, a human Hiroshima, soars above a field of skeletons accompanied by the caption "Grew Tired of Thought."

By this time, Vera is holding on to his head as the Soviet committee is echoed in a Whitehall scene that vetoes his work on a popular newspaper because it upsets Churchill. At the age of 75, he attempts to drown himself off Tower Bridge (the river police shout through a loud hailer that he is not allowed to jump in their river: it's full of germs) and lands up in a mental hospital. As Mr. Barker works like a crab through his own play, jumping sideways from one sharply etched scene to another, the optimistic coda in which Vera rises from his wheelchair and mutters "Give us a pencil, give us a pencil" is less clinching than the author intends.

Mr. Barker suffers from the Ayckbourn syndrome in that one play is too much like another and making the same points. The committee scenes are good, but not brilliant. The language resorts to repetitive metaphor, always abrasive and often confused. There are fine scenes: the play begins with Vera and his Hungarian side-kick (Alan Corduner) surveying a nude peasant girl as the war dies down and soldiers misinterpret Mr. Freeman's relaxed nudity (he has stripped to rape the girl) as evidence of homosexuality. None of these characters have you ever met in real life. But there is an angry, bustling talent at work in Nicolas Kent's production and Paul Freeman is quite outstanding as Vera, perfectly in tune with the impatient text.

Some of the play is derived from a television play that remains unproduced. In a blunt sort of way, the piece does consider the political function of art and the dilemma of the post-war international socialist betrayed by each port of call. It is fatuous, however, to liken Russia to England in this latter respect, and there are many logical inconsistencies laid out as authoritative statements. To stir the police, for instance, does not mean you have touched the truth. If the police are stirred to assist in the prosecution of a play, that play is not necessarily good. The trouble with truth is that it is always a subjective value.

Phoenix

That's Showbiz!

by B. A. YOUNG

Dr. Hot and Neon are about the best juggling act I have ever seen. In their first routine, the two of them co-operate in what looks like total non-co-operation but must need great skill. Neon (who looks Chinese but sounds American) then does his three-ball ballet, which involves among other wonders the ability to keep his three balls in play with his palms down. Dr. Hot (who also sounds American but looks international) juggles with a knife, an apple and a motor-horn, eating the apple as the works. The grand finale has the two of them manipulating six flaming torches between them, with the lights down. I thought them terrific.

I liked the Great Kovari, the conjurer who, among other things, devised the magic for the Cambridge Theatre Company's *Macbeth*. He saws a girl in half; he makes a girl disappear when she is lying, fully visible, in a hammock. I liked the Clark Brothers, a pair of black tap-dancers; I liked Shuni Star, a singer of standard pattern, but pretty, lithe and able to let us hear all the words when she is singing fast.

There is a mellifluous close-harmony group, the Stutz Bear Cats, who apparently used to be called something else. They sound fine, but need to revise their act, beginning with a wholesale change of costume so that they don't look as if they have just come in from a rehearsal. Bobby Davro did some good "impressions" that sounded better than they looked; he ought to leave out Wurzel Gummidge if he can't do him without leaving the stage. And Prince Charles needs a better cap.

Top of the bill was a Manchester comedian called Ken Goodwin, who laughed uproariously at his own jokes even when we didn't, who kept pleading for our appreciation, and trailed his jokes with "D'you geddit?" like Glenda Slag. Even if he'd been funnier, and that wouldn't have been hard, it was a mistake on the part of the director, John Redgrave ("a member of the controversial Redgrave family," as the programme says), to allow him four appearances previous to his second-half routine. Max Miller himself couldn't have survived that kind of exposure.

If I sound half-hearted, it's because I'm half-hearted. I'm glad to see a variety bill, and I'm glad to see someone in the Phoenix. But only Dr. Hot and Neon really set my pulse whirring.

Wigmore Hall

Lindsay's Bartok

The Lindsay Quartet take pride of place in the Wigmore Hall's Bartok centenary celebrations this month with a cycle of three recitals devoted to the six string quartets. Last September they interleaved their Tippett cycle with the first three of Haydn's op.20 quartets; and this year the theme is continued, each Bartok pair enclosing one of the remaining three quartets of the same Haydn set.

The Lindsay have made uncharacteristically heavy weather of some of their recitals in recent months; but on Wednesday there were sure and encouragings signs of recovery. All is not yet perfectly well: there was still a tendency, especially at the start of the evening, to violent lurches of *espressivo* more reminiscent of sea-sickness than heartache; and a number of expressive tics, such a common habit of pre-empting very precisely notated *ritardandi*, whose effect was to thicken and weight down a gesture rather than to intensify it.

There was an air not so much of unease as of something unsettled, still approximate, to their account of Bartok's first quartet at the start of the evening. But in Haydn's op.20 no. 4 the Lindsay began to blossom; the sound itself was more secure; expressive nuances were cut clean and sharp. They gave the little minuet *alla zingarese* with a bite, as well as a surge, to its swing: and the finale too had its splendid *zingarese* flights.

There seemed a passing danger in the opening pages of Bartok's Fourth that the Lindsay might lose sight of the movement's driving pulse—what Bartok himself called its "even and machine-like" progression. But after a little while they held it firm; and even if their tempo for the second movement was really too fast—sometimes more accurate in its evocation than in actual notes—it had fine, ghostly presence. Many beautiful and delicate things also in the third movement's night music, especially from the cellist Bernard Gregor-Smith, and a final chord of the purest magic. If the Lindsay can begin and sustain their next recitals as well as they ended their first, they could be memorable indeed.

DOMINIC GILL

'Chaste Maid'

A Chaste Maid in Cheapside by Thomas Middleton, reviewed on this page yesterday by B. A. Young, is to transfer to the Upstream Theatre for two weeks on Monday.

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Interest rate complaints

THE PUBLIC proposal by Herr Hans Matthoefer, the German Finance Minister, for international efforts to reduce interest rates is more a protest than a seious effort to get a practical initiative launched: Herr Matthoefer has already been turned down by the French and by Mr. Paul Volcker, chairman of the U.S. Federal Reserve Board. It would be a pity, however, if the German complaint were ignored on that account: high interest rates are a sympton of international disorder which should be taken seriously even by those sceptical about the proposed cure.

Lopsided

Federal Germany has particular cause to complain about the present situation because the relatively low interest rates which are appropriate to the relatively low German inflation rate are tending to undermine *the external value of the D-mark* and so to drive up German inflation. This poses an impossible dilemma for Herr Matthoefer. He must either simply allow the Bundesbank to join the rates war, with a deflationary *effect which he estimates* at DM 8bn for every point in increased rates: or he can try to offset this deflationary effect by deliberately adopting the same lopsided policy mix as less successfully managed economies.

As the OECD Secretariat pointed out in its twice-yearly survey of the world outlook *recently, high interest rates* have had their effect in those countries which have applied them most ruthlessly largely by raising exchange rates, and so victimising the more stable economies such as West Germany. *The OECD report called* for a different policy balance, with more emphasis on fiscal deflation in countries where inflation remains most obstinate. It is perhaps ironic that France, the country from which the Germans are seeking co-operation on this score most urgently is already nearer to the OECD mix than any other similar economy. This has kept interest rates in Paris relatively low compared with the going rate of inflation, and should have contributed notably to EMS stability.

The contrasting weakness not only of the D-mark but of the German current account suggests that it is not only the more inflated economies which should review their fiscal stance. Some fiscal tightening in Germany, aimed to reduce the current deficit somewhat, might do as much to steady the exchange rate as any attempt to pursue *U.S. rates into the stratosphere.*

Fundamentally, indeed, the international problem seems to be at least as much one of economic as of monetary management. The oil shock, which has worsened the terms of trade for all developed economies and rendered much capital equipment obsolete, called logically for a sharp cut in general consumption to leave room for enhanced exports and capital replacement.

This policy mix is one we *have repeatedly proposed for the* UK, where it can be achieved relatively painlessly once oil revenues are flowing. In less fortunate countries a similar balance is more painful, but even more necessary. The present malaise of depressingly high interest rates and unstable currencies, of which Herr Matthoefer complains, is at *bottom a reflection of this in*appropriate economic approach.

Inflows

The monetary policies intended to offset the result of excessive fiscal borrowing are equally misconceived where monetary targets are set in purely domestic terms. This ignores the fact that high rates tend to attract large inflows of liquid capital — capital which represents Western borrowing *from OPEC to finance consump*tion rather than investment. Hence "tighter" policies can actually drive up monetary growth.

These lessons are slowly and painfully being learned by the governments concerned, but the results are being applied dangerously late. Germany may feel the greatest sense of virtue unrewarded, but hardly has the gravest complaint against these misguided policies. It is the developing countries, which are suffering a large rise in the cost of debt service and a large fall in their earning capacity, as recession cuts commodity prices, which are most seriously threatened. In short, there are some pressing problems of economic management which could best be addressed internationally: but the agenda would have to be a good deal wider than Herr Matthoefer has suggested.

New rules on nationality

THE BRITISH Nationality Bill, now making its way through the committee stage of the House of Commons, has come under fierce attack from church leaders and civic and minority rights groups, as well as from the Labour Party, on the grounds that it is discriminatory and racist. The government argues that its intention is to clarify and modernise an anachronistic set of laws by making the long-overdue switch from an imperial citizenship to, for the first time in our history, a national citizenship.

Misleading

There is some force to both points of view. It is obviously high time that we had a definition of British nationality which corresponds with the facts as they are normally understood in the world of the *nation-state. But it is clear from* the Bill, as well as from the Conservative White Paper and the Labour Green Paper which preceded it, that the intention is to make it as difficult as possible for this citizenship to be *acquired* by blacks, browns and yellows from the Commonwealth and colonies.

In the case of the new category of British Overseas Citizens, like the East African Asians or some of the Chinese in Malaysia, the very term is misleading: their previous rights as citizens of the UK and Colonies may have been stripped away by *British immigration* law, but to create a new citizenship which confers virtually no rights is dishonest. Nor is it clear that such a category is really necessary: the numbers seeking to come to Britain are rather small, and many of those in Malaysia have dual Malaysian citizenship.

By contrast, citizenship of the *British Dependent* Territories is no doubt a necessary category, if only because of the 2.6m i nHong Kong with British passports. *The trouble is that* the legislation does not give these people the automatic right of abode in any particular colony, on the disingenuous ground that the British Government cannot override the immi*gration* rules of its colonies. What is required is a series of separate citizenships, of Hong Kong, of Gibraltar, etc., with the *guarantee that their citizen*ship would remain in force in the event of independence.

But the real problems, paradoxically, apply to the privileged category of British Citizens. Mr. Enoch Powell once said, in a reference to the children of coloured imigrants, that a person does not become British simply by being born here. He was speaking metaphorically, *because under the existing law* that is precisely what does happen, and prophetically, because his proposition will be incorporated into the new law.

In future you will be British if you are born here *and* if, in *addition, one of your parents is* British or is settled here. The problem is that it may be very difficult to establish whether someone who is born here has parents who satisfy the second criterion, since by the time he *or she asks for a passport,* they may be either dead or abroad. The Government has tried to meet the criticism with an amendment which would entitle a child to citizenship even if its parents did not satisfy the *second criterion, provided it* remained in this country for ten years, and did not go abroad for more than 90 days in any one years. The trouble with this concession is that the child's presence in this country would be virtually unprovable.

Temporary

The Government says that its purpose in proposing a double criterion, of birth and parentage, is to avoid a situation *where citizenship would auto*matically be conferred on the babies of temporary visitors. But it produces no evidence to suppose that this happens an any significant scale.

The government, in attempting to draw the magic circle tight, will be creating a situation in which the possession of citizenship will be much more difficult to prove than it is now, especially for those with coloured skins; in which the obstructions and investigations *suffered by illegal immigrants* will also be suffered by British citizens; and in which the Home Secretary will have absolute *right* of discretion, without giving reasons, and without appeal. Is this really what the government desires? The real need is not for tighter controls on citizenship, but to create conditions in which relations between *the different* racial groups that are already established here can be improved.

STATE INDUSTRY FINANCE

British Telecom leads the way

By John Elliott and Anatole Kaletsky

WHILE public attention has focused this week on British *Telecom's* plan to paint the nation's telephone boxes yellow instead of red, a long-running battle between Treasury mandarins and BT's management, has quietly entered its final and decisive phase.

If, as now seems likely, the debate ends with the acceptance of BT's plan to sell a *new type of security* directly to private investors, there will be major consequences not just for telephone users, but also for Britain's telecommunications manufacturing industry, for financial markets and for other nationalised industries which are trying to win greater freedom to borrow for commercially viable *investment projects.*

Far more than the new corporate yellow, the idea of raising an additional £360m from the private sector in *1981-82*, on top of the £180m already allocated to BT from traditional public sector financing sources, symbolises BT's desire to break loose from old Post Office traditions and transform itself from *a dependant of Government into* a thrusting commercial enterprise, spearheading a vital growth industry.

Sir George Jefferson, chairman of British Telecom, who may soon be on the line to the private sector for an additional £360m. British Telecom is in a different category from other profitable organisations, such as British Gas, and subsidised industries like British Rail and the National Coal Board. They may soon want similar treatment

More generally, a Government agreement to BT's proposals could mark a change in its relationship with the nationalised industries, based on a recognition that greater investment in some, at least, of the State corporatons *could accelerate* rather than arrest Britain's industrial revival.

Officials at the Treasury, however, are resisting some of the implications for public spending control and monetary policy of the £360m programme. This is because of the precedents that could be created for other State-owned industries. In particular, hallowed public spending criteria might have to be softened. Even more importantly, the *Public Sector* Borrowing Requirement — a centrepiece of the whole monetary strategy—could slip further out of the Treasury's control.

But the battle has been developing at a time when senior Ministers have been becoming increasingly concerned about the plight of industry, both in the public and the private sectors. They are therefore sympathetic to policies which would create new business for key industries such as electronics and engineering—as British Telecom's planned investment programme would do.

They are also embarrassed that their tight monetary controls have created unintended problems for the nationalised industries, and there is a growing sympathy, believed to be shared by the Prime Minister, for finding some way of separating nationalised industries from the Public Sector Borrowing Requirement (PSBR) and its associated cash limits (called *external financing limits in the* nationalised industries). This coincides with Ministers' overall interest in privatising State industries—an interest which includes selling shares in British Aerospace, creating new part-*owned subsidiaries for British* Rail, and getting private capital into British Telecom.

The Government is therefore thought to be hoping to announce new arrangements in principle for British Telecom within a month, possible at the time of the *Budget which is to* be industry-oriented.

The reason why British *Telecom is at the forefront* of the debate is that it is profitable, is in urgent need of investment, is a major purchasers of goods from the private sector, and does not have amount of surplus cash enjoyed for example by British Gas to fund its plans. It is therefore in a different category from other profitable corporations, and from *industries like British* Rail and the National Coal Board, though these industries too are beginning to receive sympathetic hearing. It is even more different from those such as British Steel which are major *industrial loss-makers* and *could not raise money in the* private sector even if they were allowed to.

But if new arrangements are agreed for British Telecom, as seems likely, they could well spread gradually to some of the other industries. *Profitable* businesses like British Gas, the Electricity Council and the British National Oil Corporation are standing on the sidelines wondering, with more optimism than hard information, how *they might* benefit later from what is happening. The Nationalised Industries Chairmen's Group has also recently set up a working party of finance directors to consider ways of freeing the industries from the PSBR. This is in addition to a joint working party with the Treasury which is looking into ways of arranging new funding *schemes* for all industries.

The British Telecom issue came into focus last week. After a year of haggling with the Department of *Industry about* how it could raise more funds than its £180m external financing limit for 1981-82, a novel amendment was tabled for the British Telecommunications Bill which will split the Post Office in two. Basically this allowed British Telecom to borrow direct from financial institutions, subject to Ministerial approval, *instead of only from the Govern*ment's National Loans Fund. (A similar clause is being tabled for the Post Office itself but is not so significant because *the* Post Office does not have major investment problems.)

On the surface this was merely a legal technicality. But it reflected a change of mood among Ministers. It is now broadly *accepted that* British Telecom should be allowed to seek additional funds in the private capital markets—the key question still to be negotiated is not whether, but how, this is to be done.

The Treasury's misgivings have been narrowed down to two inter-connected criteria which any new scheme would have to satisfy. *The securities* which British Telecom issues must not compete directly for funds with the Government's own issues of gilt-edged bonds. Secondly, they must carry what the Treasury calls "an element *of risk" for the investor.*

The related question of whether British Telecom's private sector fund raising should be regarded as an addition to the PSBR is apparently still open. But contrary to the impression gained in the past by some nationalised industry managers, the Treasury now seems to accept that new methods of borrowing may be appropriate, even if the money raised has to be added to PSBR on present definitions.

Why the bonds' risk element is important

A SUBSTANTIAL part of British Telecom's £2bn a year investment programme is being spent on modernising Britain's creaking and antiquated telephone network.

Britain's future in the fast-growing information technology industries—computing, office automation and telecommunications—is *highly* dependent on a rapid introduction of a modern electronic network.

In the next five years over £2.5bn is being spent on a new generation of sophisticated computer controlled digi*tal exchanges* called System X, developed at a cost of over £150m.

By 1985, British Telecom wants to have 30 cities and large towns connected through System X exchanges, *giving businesses direct* access to a digital network overlaying the existing old-fashioned analogue network.

BRITISH TELECOM, with the assistance of merchant bankers S. G. Warburg, have put forward a number of possible schemes in the hope of meeting the Treasury's criteria. The clear front runner at the moment is an unusual kind of bond, whose interest payments would be linked to the growth of British Telecom's total revenues.

This instrument would not compete directly with the Treasury's own fixed-interest bonds since the income from it would be variable. It would also incorporate the element of "risk" required by the Treasury, since the income it pays would depend entirely on the growth of BT's business and on its pricing policies. It seems that the existence of this kind of commercial risk is more important to the Treasury than the presence or absence of a Government guarantee about the repayment of capital. It is the uncertainty about future income, *rather than the risk of* total default which is seen as the main distinction between gilts and other securities.

Whether the markets would take the same view as the Treasury about what constitutes "competition" to gilt-edged stocks is one of the main issues that still worries the Government. If the gilt-edged market regarded a £360m of BT bonds as just another dose of Government stock, then extra borrowing by this means would have exactly the same impact on interest rates as extra borrowing *from the National Loans* Fund.

If, on the other hand, the market saw BT bonds as something closer to a highly-secured equity share or even a close substitute for the index-linked bonds for which there has been a growing clamour, then BT could justifiably argue that it was tapping new supplies of savings, which would not otherwise have gone into the gilt-edged market.

The argument, which is still sometimes heard in the Treasury, that even a fund-raising exercise that left the gilt-edged *market unaffected would be* competing with private industry for equity-type funds seems to have very little validity at a time when industrial investment is collapsing and while private savings are near record *levels. Once an industrial re*covery gets under way, it would of course, be possible for the Government to use its continuing powers to approve all forms of BT investment and *borrowing in order to ensure* that the State corporation did not compete unfairly with the private sector.

But even if the Treasury is prepared to take a sympathetic *view on the market* impact of a turnover-related BT bond, there remains a serious stumbling block to early implementation of the new idea. This goes to the heart of relations between nationalised industries and government.

Any investors in the new bonds would be bound to require some reassurance about possible changes in BT's pricing policies which could adversely affect interest payments. One reason why BT is proposing a bond linked to turnover, rather than to tariffs is that technological progress may well create conditions in which tariffs could be cut (in real terms) in order to *boost* turnover. As long as BT wanted to return to the market for further funds it would have to take care not to alter its commercial policies in a way that prejudiced the interests of investors.

The Government, however, would not necessarily recognise the same constraints. As the law stands at present it is entirely possible for Government to dictate to nationalised industry managements on pricing policies. Indeed, Britain's telephone charges were frozen completely for five years in the 1970s. The present Government has twice given explicit instructions to the management of British Gas on pricing. A bond of the type which British Telecom is contemplating would probably only be saleable to private investors if the prospectus included *some* kind of undertaking on pricing, and perhaps on commercial policies generally, from the Government and British Telecom management.

There are precedents for such *undertakings in the prospectuses* for the British Petroleum share issues which took place under the present and the previous Government. However, British Telecom, a corporation wholly-owned by the Government, *could need* something much more explicit in order to win investors' confidence. The loss of control and discretion implied by such an undertaking may yet prove too much for even the present non-interven*tionist Government to weather.*

MEN AND MATTERS

The language of Commons folk

One of the few restraints on political rhetoric, as Ian Paisley *discovered yesterday*, is the ban imposed by the Commons rule books, Erskine May, on "unparliamentary language."

Erskine May lists 39 examples of forbidden epithets—including guttersnipe, jackass and pup—and adds ominously that the list is not exhaustive. Any doubtful language, it says, will be judged by the "sense and temper" in *which* it is uttered.

So while Paisley was expelled for calling "Liar," Churchill retained an unblemished parliamentary record by referring to "terminological inexactitudes."

*And Labour's Gerald Kauf*man, taking advantage of Deputy Speaker Bernard Weatherill's sheltered life and monetary hesitation, earlier this week brought another word into acceptable Commons usage. Tory MP Michael Latham, said Kaufman, was "a creep."

Coup de glace

"Turkish coffee, general?" "Dashed-civil. Bit chilly round *here*, what?" "The men thrive on it. Tough chap, Johnny Turk. Have Ivan on the run next time. Milk?"

That — or more precisely, the Turkish equivalent — is the sort of conversation which has been echoing these few days around Ezurum, a snowbound waste in Eastern Turkey near the Russian border where in *1878 some 20,000 Turks froze to* death at their guns. The Russians won that time round. The home team blamed inadequate *equipment, a turn of events* which the present NATO cold-weather exercise is designed to avoid.

The mean winter temperature in the area is minus 32 degrees centrigrade, and NATO commanders have been *admiring* barracks, bakeries, steam baths and lavatories housed in giant igloos.

Some 2,500 red-nosed and *shivering soldiers and assorted* antique weapoary are involved. Korean War era M-48 tanks rattle through the snow, single-engine spotter planes pretend to be jet strike aircraft, while the 1950's telecommunications network is controlled from an eighteenth-century fort.

A splendid show of frozen-stiff upper lip is put on by the *Turkish* army waiters, who, in temperatures of minus 15 centigrade, are kitted up in full black tie to serve tea on silver trays to generals huddling around wooden stoves.

But toughest of all, and good*ness only knows what sort of* upper lip was left afterwards, was the Turkish soldier who demonstrated the efficacy of a field dentist by volunteering to have a tooth pulled extempore.

Collective gift

Shareholders in a small New Mexico mining company called Ranchers Exploration and Development will not be getting their regular dividend cheque next June. Instead they will receive a little gold bar.

It is all part of an experiment which Ranchers says could lead *to regular pay-outs of gold, and* even silver once its silver mining gets under way.

"We looked into it because we received inquiries from shareholders about the possibility of being paid in gold" said Marvin Kaiser, treasurer of Ranchers, which has annual sales of about \$40m. "They tend to be people who look on gold as a long term store of value."

Actually, not all the company's 1,400 shareholders will get gold. The problems of distributing bullion make it uneconomic to pay small holders, so Ranchers will keep *gold pay-outs to a minimum of* 2.5 grammes, which means holders must have 600-700 shares with gold at about \$500 an ounce. The rest will get cash as before.

The size of the dividend will be based on the recent price of gold. But apart from the glistering appeal for investors, the plan has distinct tax advantages *for Ranchers. According to legal* opinion obtained by Ranchers, the gold dividend would rate as a distribution of assets, and as such will count as a before-tax transaction, unlike cash dividends which are paid out of taxed profits.

"You may well ask why General Motors hasn't thought of distributing carburettors or *exhaust pipes to its share*holders," said Kaiser. "We're more fortunate. We produce a monetary asset."

"No need to rush—I think The Times will still be there to record our arrival"

Sterling boss

*Your one-penny-share is an in*vestment which starts life, as it were, at death's door. On the one hand, it is hardly blue chip. On the other, there is only one direction in which it can move. And if it does, every point is 100 per cent profit.

Happy, the man, then, who lavishes his care on crippled equity which proceeds to lift up its bed and walk. And while Sterling Credit Group may yet be re-learning the use of its limbs, managing director Nicholas Oppenheim must be showing a book profit of some £1m on the shares to which he subscribed when the group was re-capitalised last winter.

Oppenheim was brought in to rescue a group which had starved its loan business to finance unwise acquisitions. Whether it was worth anything at all depended largely on the view which you took of its goodwill, and re-capitalisation was effected with shares at 1p *nominal* value. Oppenheim interests subscribed for almost 13m shares at par, and yesterday, the market price was ambling around 10¾ pence.

Shareholders other than Oppenheim were offered as part of the recapitalisation a rights issue of £7.25 units comprising 125 new 1p shares and six £1 *12.75 per cent preference shares.* The preference last changed hands in January at 71p, putting a rough retrospective value of 2.4p on the ordinary shares.

But while Oppenheim got a favourable deal, he took the dual *plunge into the shares and the* boardroom at a time when, he points out, "there was every prospect of things going disastrously wrong."

So far, so good. Earlier this week, Oppenheim realised a *partial £258,600 profit*, while retaining slightly over 25 per cent of the Sterling ordinary shares. Not at all bad, for what he calls "a wild speculation."

Late risers

Not so much the SAS as the WVS. "Tea-time raid" is the dainty monicker chosen by stockbroker Capel-Cure Myers for yesterday's stock market assault on engineer F. Pratt.

Observer

FINANCIAL TIMES SURVEY

Friday February 13 1981

Freight

All aspects of the freight transport industry have suffered from the effects of recession but, under pressure from rising costs and falling demand, the struggle to gain a share of the market has worked to the customer's advantage as companies operate aggressive price-cutting policies and offer a rising standard of service.

New ways ahead for road haulage

By Lynton McLain
Transport Correspondent

BRITAIN'S FREIGHT transport industries took a hard battering from the recession in trade in 1980, a recession which hit at the very life blood of road hauliers, the railways, air freight operators, coastal shipping, international roll-on-roll-off traffic and of the UK's small network of commercial inland waterways.

The extent of the damage caused to the freight transport industry by the severe downturn in traffic varied from sector to sector. But in all cases in all the industries that make up the freight transport sector, the problems of the recession in trade were compounded by rapidly rising costs, which moderated only in the latter half of the year.

However, the effects of the recession on the freight industry had benefits for most of its users by the substantially lower rates than had prevailed in the boom year of 1979 when British industry and commerce spent a record £14.1bn on all forms of inland freight transport. This spending in 1979, the last year for which figures are available, was an impressive 28.6 per cent higher than in 1978.

The increase from 1977 to 1978, when total spending on inland freight transport services reached £10.9bn, barely reached 1 per cent. The 1970s and 1960s had also seen relatively small increases in spending compared with the latest huge increase.

Last year, however, spending on freight almost certainly fell away as the volume of freight transport business slumped severely. Demand fell by up to 20 per cent in the road haulage industry—the largest single sector accounting for 95 per cent of spending—compared with 1979. The slump resulted in freight transport operators adopting aggressive price-cutting policies and seeking to raise the quality of their services to industrial and commercial customers as a way of winning a share of the smaller volume of business that was available.

The downturn was so severe in the road haulage industry that a number of the 46,000 operating companies in the sector—85 per cent of which operate five or less vehicles—decided as a matter of policy to stop trading. Other companies simply went bankrupt. It was difficult to establish the number of companies that did stop trading voluntarily, but the Road Haulage Association, which represents about 15,000 professional haulage companies, advised members last year to lay up vehicles—one out of every 10 in a fleet in an effort to stem the ever-increasing over-supply.

Last week, the Road Haulage Association estimated that the recession had reduced the total number of lorries on Britain's roads by about 15 per cent.

For some of the smallest operators, the jobbing haulage contractors often with secondary interests outside freight, 1980 was possibly their last year of trading. The highly competitive pressures brought on by the downturn in business had weeded out the smaller companies, uncommitted by large investments to a long-term future in the industry.

Already the result has been a rise in the dominance of the specialist operators, particularly those able to devise attractive financial arrangements to meet the needs of customers whose own cash problems have been exacerbated by the recession.

The greatest single area of change was in specialised contract hire arrangements designed to relieve industrial and commercial customers of the pressures of financing their own haulage operations from internally generated cash resources. Contract hire has become the leading growth area for a number of companies, including the state-owned National Freight Company, which the Government hopes to denationalise when the stock market picks up, thus reflecting an end to the trade recession.

General haulage is becoming increasingly the preserve of the main body of public haulage contractors which make up the bulk of the industry. The larger companies, recognising that the intense competition for a declining volume of traffic has severely eroded profit margins, have opted to keep their exposure to general haulage as low as possible. Haulage operating costs in 1980 rose by 17.3 per cent, according to the RHA, but hauliers needed at least 23 per cent more revenue to cover costs compared with the previous year.

The customers of haulage services in industry and commerce have, of course, been extremely reluctant to help the hauliers meet their perceived higher costs. Rates tumbled throughout the year, with rate cuts of almost 40 per cent in some of the most highly competitive fields of the freight business, such as the parcels sector.

The pressures from higher costs fell away in the course of the year. The RHA index for costs, published last week, showed that the bulk—16 per cent—of the total increase in costs came in the first six months with costs rising only 1.3 per cent in the second half of the year. But the haulage industry had started 1980 badly, with between 6 per cent and 7 per cent of higher costs not recovered from 1979.

This year, when haulage drivers are expected to settle for pay increases of around the 5 per cent mark and diesel fuel has already risen by 5 pence a gallon, the RHA expects hauliers' prices to rise by about 3 per cent, with little or no prospect of these latest increases being recovered through higher rates—at least not in the competitive general haulage sector.

Figures like these have forced the Government and the board of the National Freight Company to put off for an undisclosed period the public flotation of the NFC, despite the fact that NFC's diversification programme has been designed to insulate the group's operations from the worst effects of cyclical trade recessions. The object of the diversification, into contract hire and other specialised services, has been to concentrate on those areas of the freight transport market which have shown the greatest prospect for profits.

Last year also saw the publication of the controversial Armitage Report on "Lorries, People and the Environment," which called for an increase in the maximum weight of lorries, more environmental protection from the so-called juggernauts of the road and a call for higher taxes to make all lorry operators pay for the damage their vehicles do to road surfaces.

The Armitage Report wanted lorry weights lifted from the present maximum permitted gross vehicle weight of 32.5 tonnes to a maximum of 44 tonnes. The Government has welcomed the Report but has not finally decided on what form, if any, it should implement the 58 recommendations about the role of the lorry in society. However, the Government is almost certain to recognise the importance of lorries, if only because of the £1,035m of tax they yielded in 1979, and because of the 300,000 people directly employed in the haulage industry.

The proposals from Armitage are unlikely to be accepted without protests. The European Parliament's transport committee adopted a resolution at the end of January that members of the EEC should harmonise the maximum permitted weights of their lorries at 40 tonnes. A formal proposal to this effect is to be considered by the European Parliament in March. This, if accepted, would allow lorries of 40 tonnes—7.5 tonnes higher than Britain's current maximum—free access across the borders of all member states.

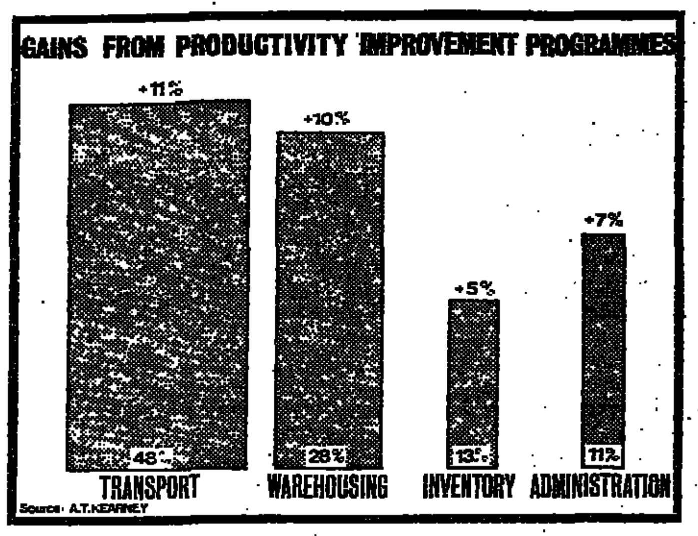
The proposal for a 40 tonne limit echoes the same proposal made by the EEC's Economic and Social Committee last year. However, the Armitage recommendation has support from the Batelle organisation in Germany Decisions by Britain can be expected this year in favour of 44 tonnes, particularly because a decision to raise weights could save British industry £120m-£130m a year now and £170m-£190m by 1990.

FREIGHT MOVED
(Million Tonne — Kilometres)

	Road		Rail		Inland waterway		Pipeline	
	1968	1978	1968	1978	1968	1978	1968	1978
Great Britain	79,000	99,100	22,528	19,980	153	85	2,500	9,857
Belgium	*9,596	16,799	6,864	7,157	6,651	5,936	118	1,726
Denmark	—	12,200	1,496	1,789	—	—	—	—
Federal Republic of Germany	37,800	92,376	61,018	59,503	47,932	51,489	13,692	13,863
France	55,783	89,100	65,209	68,697	13,235	11,594	17,593	33,075
Greece	¶2,590	‖10,745	548	854	—	—	—	—
Irish Republic	—	—	506	630	—	—	—	—
Italy	*47,097	88,022	18,012	17,337	—	—	†4,252	‡10,732
Luxembourg	—	795	639	649	*157	332	—	—
Netherlands	11,150	‡17,135	3,335	2,882	31,044	34,458	§2,864	§5,096
Portugal	—	—	822	933	—	—	—	—
Spain	44,200	90,900	9,256	11,077	—	—	605	2,686
Austria	—	—	8,295	‡10,294	1,285	1,481	2,351	6,990
Czechoslovakia	8,708	18,743	52,698	72,359	2,317	3,056	4,552	9,375
Finland	11,900	15,300	5,744	6,325	—	1,560	—	—
German Democratic Republic	9,254	21,225	38,525	53,017	2,443	2,265	741	4,719
Hungary	4,166	11,462	18,325	24,494	1,503	1,868	395	3,143
Norway	3,700	5,703	1,733	2,031	—	—	—	5,339
Sweden	¶6,778	20,313	6,113	‡6,324	—	—	—	—
Switzerland	†3,233	5,367	14,792	14,803	39	55	1,104	1,260
Yugoslavia	16,858	38,049	16,372	23,378	5,318	8,864	—	—
Japan	†81,093	‡143,095	†59,546	‡43,142	—	—	—	—
U.S.	*374,300	**596,700	1,086,219	‡1,397,690	*386,893	‖824,900	*486,200	‖744,600
USSR	187,100	395,200	2,274,800	3,429,400	155,400	243,700	215,900	1,049,100

* 1966, † 1967, ‡ 1977, § International transport only, ¶ 1965, ‖ 1975, ** 1976.
Source: Transport Statistics Great Britain 1969-1979, HMSO.

FREIGHT II



DISTRIBUTION COSTS AS PERCENTAGE OF SALES

Element	U.S.A.	UK	Japan
Transport	6.4	5.5	13.5
Handling	1.7	2.5 (Handling and Warehousing)	13.0 (Handling to Administration)
Warehousing	3.7		
Packaging	2.6	2.0	
Inventory	3.8	3.0	
Order processing	1.2	1.0	
Administration	2.4	2.0	
	21.8	16.0	26.5

Source: Centre for Physical Distribution Management, British Institute of Management

Where significant savings may be readily attained

A RECENT research report suggests that in one of the most crucial high-cost areas of industry—the physical distribution of goods—the approach of British industrial management to monitoring and planning exercises aimed at cutting costs, is ahead of American practice.

The idea that managers, from whatever country, could be successful in the management of physical distribution may come as a surprise to those who do not practise the skills of distribution management. After all, this area of industrial activity, at first sight, has few of the attractions to managers of, say, production control or staff productivity.

But the physical distribution of goods accounts for approximately 17 per cent of the total value of sales in the UK, according to the report on "Improving Productivity in Physical Distribution" last year which praised British management for the "higher level of sophistication" shown compared with their opposite numbers in the U.S. The report was prepared for the Centre for Physical Distribution Management—part of the British Institute of Management—by A. T. Kearney, management consultants. Efficiency in distribution was "essential," according to Mr. Roy Close, the director general of the BIM, "because distribution accounts for over 20 per cent of Britain's gross national product and employs more than a quarter of the working population."

For some time the Centre for Physical Distribution Management had recognised a need in the UK for a study of the productivity aspects of physical distribution. The Centre also wanted some "clear indications" of the steps that UK companies could take to achieve the benefits of higher productivity in the whole area of physical distribution—warehousing, transport, distribution, stock control and administration.

The chart above shows the breakdown of goods distribution activity. Transport accounts for 48 per cent of total distribution costs and is the area where the greatest benefits can come from improved productivity, with up to 11 per cent gains possible.

A similar exercise had been carried out in the United States in 1978, for the U.S. National Council for Physical Distribution, also by A. T. Kearney, producing startling results. This research showed that no less than $40bn could be saved by U.S. companies from "closer attention to productivity in physical distribution."

In Britain, the Kearney survey showed last year that companies could save at least £2bn a year by introducing programmes to improve the productivity of their transport, warehouse and distribution operations. Over half, 58 per cent, of the businesses surveyed were in the manufacturing sector, 13 per cent were in wholesaling, 16 per cent in retailing and other activities accounted for 13 per cent of the total.

The UK survey was based on an analysis of companies responsible for approximately 2 per cent of all goods sold in Britain. One in 10 of the companies surveyed had over 1,000 people employed in physical distribution and 65 per cent had fewer than 250 people involved in this work. These companies, although representing only a small proportion of total companies in Britain, had costs for physical distribution amounting to a total of £1.3bn—equivalent to 17 per cent of total sales income.

The most positive conclusion of the report was that a majority of companies questioned clearly already recognised the importance of this high-cost component of their day-to-day operations. About 80 per cent of all the companies which responded to the survey had made "successful efforts" to improve productivity.

"Significant" savings were not confined to one or two industries or to particular sizes of companies suggesting that a broad spread of companies were taking seriously the high costs of their physical distribution operations. On average, the annual savings from a closer study of distribution by those companies which had set out to make productivity improvements amounted to about 10 per cent of sales.

The research also showed that the companies which had made the greatest improvements were also those that were most hopeful of further improvements and future benefits from continued efforts to improve productivity.

This may be of great significance to those other companies which have so far not attempted to raise the productivity of their distribution operations, because it suggests that improvements in the efficiency of distribution are more readily attained than may have seemed possible and that attempts to raise productivity uncovers further opportunities, not previously suspected, for yet more benefits.

Many companies apparently confined themselves to the more obvious areas, such as transport, although a range of other areas, such as the need to specify levels of service and minimum required order sizes, were also identified as important in the Kearney study.

This Ford transcontinental truck chassis is carrying a gross cargo weight of 44,000 kgs—the physical distribution of goods accounts for over 20 per cent of the UK's gross national product

FREIGHT DISTRIBUTION

LYNTON McLAIN

The limited vision of some companies who regard distribution only as a second-rate management responsibility has been a major worry for the Centre for Physical Distribution Management.

Mr. Raymond Horsley, the manager of the Centre, says the problem is epitomised by those companies who have a transport manager in a traditional sense. This job, according to the Centre, should really also embrace all possible aspects of physical distribution. One manager should be responsible for all distribution-related activities. These include order processing and supply, planning of stock levels, specification of levels of service needed for a company's distribution operations and administration of purchasing and sales.

The Kearney report concluded that many companies took decisions which affected the total physical distribution costs, without reference to this area of company activity. This approach reduced the likelihood of optimum decisions being made, which would be of benefit to the whole company. In particular the boundaries around separate departments "inhibited" options for beneficial trade-offs being used to the full.

Those companies which had tackled the problems of improving the efficiency of distribution stressed the need to integrate the physical planning of all sales, production and stock control activities. One obvious benefit of such an approach would be for stocks of raw materials or components to be acquired and used only to meet already specified marketing targets and agreed production priorities.

However, although British companies generally fared well in comparison with those in the U.S. where distribution accounts for almost 22 per cent of sales revenue—more than in Britain—very few British companies had developed monitoring and reporting systems to deal with all the main physical distribution variables. The Centre for Physical Distribution Management said that two-thirds of all the companies surveyed fell short of "desirable levels of measurement sophistication" in most areas of physical distribution.

The most sophisticated companies in the survey collected historic information and developed standards so that the cost or effectiveness of various alternative approaches to physical distribution could be evaluated. Performance targets were set and performance was measured against these goals.

Typically, these targets would be set for such operations as stops for delivery lorries on different routes and the rate for loading products or raw materials onto a lorry in a particular way.

This type of approach enabled the companies to make quantitative assessments of benefits in physical distribution, by relating activities back to cost or time and resources.

However, a number of companies failed to monitor essential aspects of productivity in physical distribution. The greatest failures occurred in the packing sector where 41 per cent of the companies surveyed did not monitor labour activity or productivity. Packing currently accounts for 12.5 per cent of distribution costs in British companies, but this is expected to rise to 14 per cent by 1990.

Storage was another area where monitoring of labour productivity was not carried out—in this case by over a third of the companies, although it accounts for over one-third (34.4 per cent) of all distribution costs. Other areas not monitored by between 24 per cent and 32 per cent of companies include receiving of good and materials, choosing orders and shipping.

Transport costs, at 34.4 per cent of the total costs of distribution, represent the greatest area for potential cost savings. Efforts by most companies to cut these costs were focussed on the use and construction of vehicles. Less widespread, but still significant, was the attention given by companies to cutting potential driving time lost at depots and to improving the purchasing or the mix of what third party transport services were used.

The most frequently reported productivity improvement programmes, however, were based on more effective integration of production planning with sales forecasting and stock planning. Eighty per cent of the companies tried this method, but almost the same number, 73 per cent, tried to get more accurate stock budgeting and stock status reporting systems introduced.

Physical distribution management training was used by over 60 per cent of the companies covered in the survey. Mr. Horsley said the Centre now has 400 corporate company members, but is also seeking to increase the number of private individual members from the present total of 556 members. A total of about 5,000 people are now members of the Centre.

In an attempt to attract more individual members, the Centre for Physical Distribution Management formed the Institute of Physical Distribution Management last November.

The other organisation with a central role in helping industry and commerce improve the efficiency of distribution is the National Materials Handling Centre at Cranfield, Bedfordshire.

Mr. Bob Williams, the director of the Cranfield centre, is a firm advocate of the need for detailed audits of factory practice and workplace layout.

Automated warehouses provide one possible area for increased productivity. The UK is noticeably behind Japan in this area and the Cranfield centre has estimated that the UK has less than 100 automated warehouses, compared with over 1,350 in Japan.

Mr. Williams believes, however, that the importance of automated warehouses pales in contrast with the large potential savings that could come from an evaluation of factory layouts, their use of space and the ease with which completed goods, raw materials and components can be moved from the start of an industrial process to the final product being despatched for sale.

PERCENTAGE BREAKDOWN OF PHYSICAL DISTRIBUTION COSTS IN THE UK

	Current	1990*
Transport	34.4	44
Warehousing	15.6	13
Receiving and Despatch	3.1	3
Stockholding	18.8	12
Administration	12.5	11
Packaging	12.5	14
Other Processing	3.1	3

* Estimated.

Source: Centre for Physical Distribution Management.

ACTIVITIES INCLUDED IN PHYSICAL DISTRIBUTION

TRANSPORT
- inbound
- outbound intra-company
- outbound

WAREHOUSING
- receiving
- storage
- order selection
- packing, marketing etc.
- shipping

MATERIALS SUPPLY
- raw materials/in-processing stocks
- production planning
- stock planning, control

ADMINISTRATION
- order processing
- customer service
- staff
- physical distribution management

Source: Centre for Physical Distribution Management

Diversification is the key to success

WHEN THE U.S. hostages crisis came to an end late last month, one of the first British companies to signal the need for businesses to get back into the Iranian market place was Davies Turner, the London-based freight forwarding concern.

In pointing out that the end to sanctions against Iran foreshadowed a surge of Western exports to the country, Mr. Philip Stephenson, the company's joint managing director, said: "I just hope British companies grab the opportunity because there is little disruption to business *in spite of* the present political difficulties. Our staff on the spot confirm that most of the hostilities are very localised."

That any British concern could claim to have a man on the spot was a surprise to many observers, but for Davies Turner it was business as usual. Davies Turner has been represented in Tehran and Iraq throughout the current conflict between Iran and Iraq and, indeed, *has maintained* an office in the Iranian capital throughout all the dark days following the decline and fall of the late Shah.

The Davies Turner example illustrates the need for any successful freight forwarder, once he is in a good market, to establish his reliability through imagination and determination. The company's own sense of enterprise over the years has earned it the reputation as Britain's biggest freight forwarder to the Middle East, revenues from which contributed to a doubling of profits last year to £834,000 on an improved turnover of £23.4m.

The lesson has been learned *by others as well, for the* freight-forwarding industry in the UK is in a relatively healthy state, despite the deepening recession, numerous company bankruptcies and the softening value and volume of trade.

The Institute of Freight Forwarders, the industry's trade association, points out that its 500 plus member companies handle some 85 per cent of all general cargo leaving and entering the UK. A further 85 per cent of this total is handled by a core group of about 40 companies, of which the largest are the Lep Group, Thomas Meadows and Constantine Lloyd. Lep, employs some 2,400—about 10 per cent of all the people estimated to be involved in freight forwarding in the UK. Davies *Turner, as* a medium-sized company, employs 500.

The Institute is cautious in its optimism, however, pointing out that while the past two years have been difficult ones for the industry, 1981 is seen as more difficult still. But the one factor above all others that has seen the major companies through good and bad years is the way in which they have capitalised on their strengths and have diversified. This stems largely from the international nature of freight forwarding in the UK; freight forwarders in Germany and France do a large proportion of their business within their own boundaries using road and rail *transport.*

In this island there has always been an emphasis on maritime trade, but many veterans of the business recall how lackadaisical it was before World War Two

FREIGHT FORWARDING

FRANK GRAY

when freight forwarding required little *more than* supplying basic paperwork for shippers exporting goods, and customs clearance for incoming goods. Virtually all goods were *then moved* by sea, largely to destinations within the empire governed by the Commonwealth tariff. It was an easy business.

The collapse of the empire, the Europeanisation of Britain's trade and the UK's entry into the EEC in 1973 have changed all that. Now freight forwarders must perform a multitude of functions on behalf of shippers and cover a wide geographical *spread*. An example is Lep, which has offices in 26 countries, comprising not only forwarding but insurance underwriters, travel agencies, insurance and customs brokers.

The growth of world trade has intensified competition. As Mr. Desmond Leeper, the chairman of Lep, said recently: "Increased competition . . . has allowed freight forwarders in nearly all countries to play a more active role than was possible when international cartel arrangements were fully effective. It has, however, had the effect of making customers more cost conscious and of *intensifying* price competition between forwarders."

This has meant a higher level of customer expectation over the freight forwarder function which "enhances the importance to us of the marketing function of our overseas companies and *of the resident* sales force we maintain in other areas . . .".

An increasingly dominant part in the movement of priority, high-cost goods is being played by the air transport industry, which scarcely existed before the War.

Problems over air tariff pricing and deregulation have come at a time when a number of other tremors are shaking the vital working relationship between *airline* and *forwarder*.

Many carriers, belatedly recognising the importance of air *cargo*, have moved vigorously into direct sale of cargo capacity to the shipping public—much in the same way they have passenger sales offices competing with travel agents.

In a number of cases, airlines have taken over some freight-forwarding companies, particularly on the Continent, in order to control their market better. Such direct competition, however, cuts at the very heart of the *freight-forwarding* business: the flexibility to move goods between points quickly, cheaply and reliably. The absorption of a forwarder into a single carrier's operations removes that flexibility.

In the view of Mr. Charles Woodhatch, Deputy Chairman of Matheson Freight Services, the threat of erosion of air freight forwarding is a real one, given the precarious state of the world airline industry. Continuing *financial difficulty would prompt* airlines to try to "expand their involvement in the land-side operations by acquisition and/or door-to-door involvement. They would actively and forcefully compete with us."

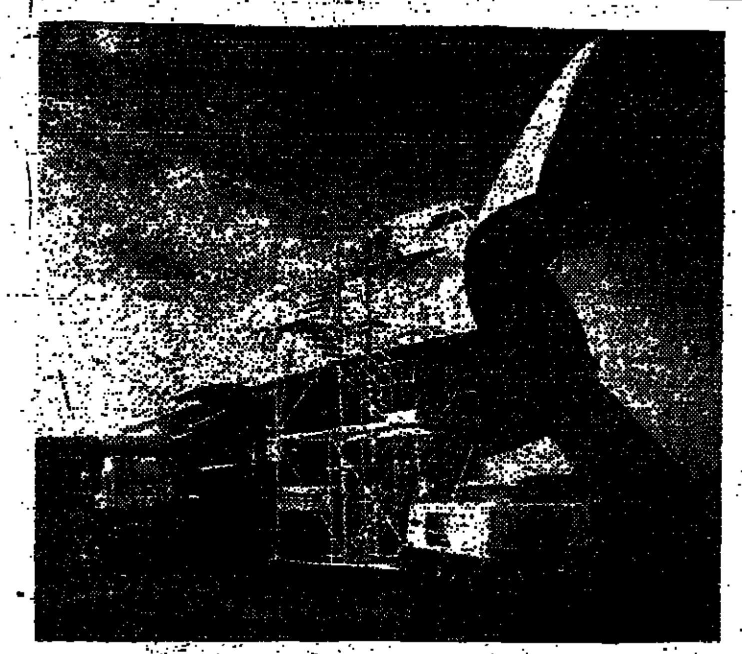
A widely held opinion within the industry is that deregulation will end and that the over-capacity and price cutting that have benefited the forwarders will disappear as well.

Mr. Woodhatch believes that a *multilateral* approach by *the* industry to reform air freight regulations and tariffs is necessary if *forwarders are to* "reforge our relationship with the airlines" though this may be a "slow, frustrating business."

For all their difficulties with the airlines, the UK freight forwarders are still responsible for generating 80 per cent of all air freight taken out of the UK. Last year, the total was 735,000 tonnes.

Chief among them was Mercury Airfreight International which, on the basis of £18m in revenues earned from IATA carriers, claims to be the UK's largest air freight forwarding group. Close behind was Pandair, with IATA revenues *of £17.2m, then ASA with* £12.5m and Thomas Meadows air freight division at £12m. British Airways also says it is prepared to make its BA-80 *computer system visual display* units available to the UK's top forwarders, with a BA man to man them at forwarding offices at Heathrow and Gatwick airports.

The system, already being expanded within BA's own overseas network, will give the forwarders the opportunity of instantly tracing the flow of goods being carried on BA and, more important, it will give them immediate access to information *about cargo capacity*, thereby speeding up the despatch time of outgoing goods.



A British Airways' all-cargo Jumbo freighter, introduced in 1980, is loaded for its journey to New York. Though forecast to make a loss at the end of its first year, the freighter is proving successful despite current conditions

Patchy pattern disguises overall growth

LAST YEAR was a poor one for the world air freight industry, and current indications are that the year ahead may not be very much better. While freight remained reasonably strong in some regions of the world, for most of the industry traffic was much more difficult to obtain as a result of the industrial recession, especially in Western Europe, North America and across the North Atlantic.

The International Civil Aviation Organisation, in its annual review of 1980, said that preliminary indications were that the volume of air freight carried rose by only 3.5 per cent, the second worst year in the past decade (zero growth was recorded in 1975). For the year ahead, a small improvement is expected, but insufficient to encourage the airlines to believe that the current recession is fading.

Air transport is always a sensitive barometer to world economic conditions, and is among the first to react to changing industrial conditions. Until the air freight growth curve turns firmly upwards again, it is not possible to say that the recession is on the way out.

The current gloom in the air freight business is indicated by the latest statistics from the British Airports Authority for the total tonnage of freight moving through the seven airports it owns: Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen. These

AIR FREIGHT

MICHAEL DONNE

show that in 1980, the total volume of freight shifted amounted to 634,200 tonnes, a fall of 6.5 per cent over the previous year, with a decline of *5.9 per cent at Heathrow.*

It would be wrong, however, to read too much gloom into these figures. The fact is that the BAA airports did handle over 634,000 tonnes last year, which is still a respectable total of cargo by any standards, providing much work for the industry. While cargo moving through Heathrow itself declined by 5.9 per cent to 468,500 tonnes, cargo moving through Gatwick expanded by 2.5 per cent to over 120,000 tonnes, reflecting the increasing number of airlines operating into and out of that airport. British Caledonian, whose home base is at Gatwick, last year carried nearly 19 per cent more cargo on its scheduled service routes, at about 35,000 tonnes, and also carried about 13,000 tonnes on charter services.

The pattern of cargo also showed some marked differences. While the North Atlantic showed *some conflicting* results—eastbound freight to Europe showed a rise of 9.5 per cent in the first eight months of the year, while westbound cargo to the U.S. declined by 5.3 per cent—some areas of the world, such as South America, South-East Asia and the Far East showed better returns.

The point about all the figures is that they are intensely subjective—some airlines have done much better than others, and some routes have done better than others. Moreover, even with only a 3.5 per cent increase overall last year, the total of freight handled worldwide, at about 11.5m tonnes, was still higher than that carried in any previous year. The *growth curve has flattened*, but it is still upwards overall.

Thus, despite the currently difficult conditions, there is still some optimism in the airline industry about the long-term prospects for air cargo. The International Air Transport Association, for example, which *represents* 106 *of the major* airlines throughout the world, is still broadly forecasting an improvement in cargo tonnage carried each year through to 1985 with an average annual growth rate through the first half of the decade at about 8 per cent, although this is lower than the actual growth of 9.5 per cent recorded in the late 1970s.

One problem that overshadows these forecasts, however, is the continual rise in costs of all kinds, but most especially of fuel, which has already forced the IATA airlines to seek increases in freight charges earlier this year, to become effective April 1, while further increases may become necessary later in the year. At a meeting in Geneva recently, the airlines on the North Atlantic route collectively agreed to ask their governments for approval to raise rates by about 12 per cent on the eastbound routes to Europe. Because these rises were based on the old IATA rates which have virtually been dormant since late 1979 (following the collapse of IATA agreements on the route in the wake of the U.S. de-regulation and the hostility of the Civil Aeronautics Board to all IATA fares and rates agreements), it is likely that the effective rises in rates from April 1 will be much greater than 12 per cent. Some airlines cut their rates substantially throughout [illegible] in a bid to win traffic, and the effect of the new agreement must be to wipe out these cuts.

At a time of industrial recession, the effect of such rises must be to depress North *Atlantic* eastbound freight, at least to some extent. The airlines have not yet turned their attention to westbound freight rates from Europe to the U.S., but in view of the poor returns last year it is possible that they will seek smaller rises than on the east bound route, where traffic has been more buoyant.

British Airways, the biggest air cargo carrier in the UK, was hoping to earn a record revenue of £200m from freight in the 1980-81 financial year, but the effects of the recession make this unlikely, although the airline says it has retained its market share. One of the problems facing the airline during the year has been excess capacity—too many aircraft chasing too few loads, especially on *routes to Hong Kong* and the North Atlantic.

British Airways introduced its own all-cargo Jumbo freighter last year, and although this aircraft will make a forecast loss in its first full year of operation, it is proving more successful than hoped under current conditions. Westbound on the North Atlantic, load factors have averaged 40 per cent, but eastbound the aircraft is invariably full, and BA says that its share *of the total North* Atlantic market is a reasonable 30 per cent or even more.

Eastbound to the Far East, BA says its giant freighter has done well and is always full on its homeward run from Tokyo. The aircraft has generated new business on this route by offering more capacity at the right times of the weekend and, for the first time for BA, is offering 20ft containers. The freighter flies round the world once a week, and to New York and back four times a week.

BA estimates that by the end of this financial year its cargo operations will be about 1 per cent below budget in terms of tonnage carried. In revenue terms, the airline had set itself a target of £200m, or some 25 per cent more than last year. It admits that it is unlikely to reach this, but will not be far short. Thus in comparison with other freight carriers, BA feels it is surviving moderately well.

One highlight of BA's year has been the recent introduction of BA-80, a new cargo computer system which it hopes will put it ahead of its competitors. This will permit world-wide cargo reservations and the tracking of consignments. BA-80 will be "on line" to 15 key stations by the end of the financial year and it is already working at major provincial points.

FREIGHT IV

Safety in the transit of spent nuclear fuels

More time and money is devoted to ensuring the safety of nuclear material in transit than to virtually any other substance.

The actual amounts of spent nuclear fuel transported are comparatively small and basically fall into two categories: nuclear fuel elements taken from the Central Electricity Generating Board's (CEGB) nine nuclear power stations currently in operation and carried by rail to Windscale for reprocessing and the transport of spent, or irradiated, nuclear fuel by ship to Barrow and then on to Windscale.

Since 1962 more than 6,000 consignments of irradiated CEGB fuel weighing over 10,000 tons has been carried by British Rail on Flatrol transporters over a distance of about 3.5m miles. During that time the only recorded incidents have been minor derailments of wagons at slow speeds in marshalling yards.

The statistics do not demonstrate that an accident could never occur but they do indicate that the probability is very low. The main guarantee against an accident which would threaten public safety are the flasks which the fuel is held in. They are essentially massive steel boxes of about eight cubic feet with 14-inch-thick walls, welded and inspected ultrasonically.

The regulations, laid down by the International Atomic Energy Authority (IAEA), governing flask design are based on both comprehensive theoretical analysis and backed up by a combination of model and full-scale tests to ensure that the contents remain secure and are retained even in very severe accidents. Among the tests the flasks are subjected to is a drop test from 30 ft on to a rigid steel and concrete base at the flask's most vulnerable point. A train crash at a highly unlikely 80 mph would not produce as much impact.

The flasks also undergo a fire engulfment test in which they are exposed to a petrochemical fire on all six faces for a full half-hour at not less than 800 deg. C flame temperature and in an area designed to ensure it is totally engulfed.

On the shipping side, British Nuclear Fuels Limited (BNFL) has more than 15 years' experience of transporting nuclear fuel by sea through the port of Barrow without incident, involving more than 600 movements of fuel from overseas reactors.

Pacific Nuclear Transport, a subsidiary of BNFL, has introduced two purpose-built spent fuel carriers, the first of their type, and a third is to be brought into operation later this year. In all PNTL is investing more than £33m in its current shipping programme.

Despite the intrinsically hazardous nature of irradiated nuclear fuel, it seems that the extremely high safety standards of the industry should have gone a long way to dispelling public anxiety. That it has not entirely is an indication that the fear of radiation will always place a unique responsibility on the nuclear industry.

Sheer bulk means oil tankers have the worst track record

HAZARDOUS CARGOES

MATTHEW SYMONDS

WHILE THE cost and number of marine losses in 1980 have fallen short of 1979's record level a breakdown of preliminary figures would suggest that there were actually more accidents than ever caused by and involving the carriage of dangerous materials.

Significantly, tanker casualties are on the increase. In the course of the year at least six major oil tankers were lost and one ore/bulk/oil carrier disappeared. While the cause of the British O/B/O Derbyshire loss still remains a mystery and the 212,000 dwt Energy Concentration broke her back while discharging in port, the other five losses were all caused by explosion or by fire at sea.

Although oil is by no means inherently the most dangerous cargo carried—you can take your pick from spent nuclear fuel, liquid natural gas (LNG) or some particularly noxious chemical like liquefied chlorine—it has by far the worst track record in terms of both danger to life and limb and serious damage from pollution.

The main reason for this is the sheer amount of oil which has to be transported. Since 1954 oil carried by sea has risen from 250m tons to nearly 2bn tons. At the same time the world tanker fleet has grown to over 7,000, many of which are VLCCs (Very Large Crude Carriers) of over 120,000 dwt and several of which are ULCCs (Ultra Large Crude Carriers) of over 500,000 dwt. With so many big tankers around the likelihood of occasional serious accidents, like the Torrey Canyon incident in 1967 and the Amoco Cadiz in 1978, is inevitable.

In the last few years there have been developments which, far from improving matters, have tended to increase the degree of risk. Since the oil price explosion in the mid 1970s, the world oil trade has undergone a process of fragmentation and a consequent reduction in demand for VLCCs.

The upshot is that first generation VLCCs, some with possibly critical structural deficiencies, have been coming on to the market at prices which even "cowboy" operators can afford. A VLCC built in the early 1970s is probably worth less than $10m today. With 60 per cent of the world oil trade now handled by independents it is hardly surprising that the temptation for some to cut costs by skimping on vital maintenance and crew training is irresistible. Maritime officials fear that many of the older VLCCs now plying for trade may simply be accidents looking for a place to happen.

There is comparatively little that can be done at individual national government level to improve the safety of such operators. In recognition of the fact, the most important work on tanker accident and pollution prevention has come from the United Nations body, the Inter-Governmental Maritime Consultative Organisation (IMCO).

In 1978 IMCO held an international conference on tanker safety and the prevention of pollution which adopted two instruments known as the SOLAS (Safety of Life at Sea) and MARPOL (Marine Polution) protocols. Both protocols require the acceptance of the 15 states whose combined fleets represent at least 50 per cent of world shipping gross registered tonnage (grt).

The current position is that SOLAS is due to come into force by May this year but that there is still some way to go before the MARPOL requirements become binding. The sort of requirements demanded by the SOLAS Protocol are: inert gas systems (IGS) for the protection of cargo tanks against explosion—one of the most common forms of accident when a ship's tanks are being cleaned; the provision of two remote steering gear control systems; the fitting of two independent radar systems and so on.

The terms of the MARPOL Protocol, which is basically an update of the earlier MARPOL 1973 Convention, go considerably further in international tanker pollution legislation, as much for chemical tankers as for oil tankers. As with SOLAS, the emphasis is on improved design and equipment—all of which adds to the operator's and cargo owner's costs. All new crude oil tankers over 20,000 dwt will be required to be fitted with both segregated ballast tanks and a facility for crude oil washing, while all existing tankers over 40,000 dwt will have to bring their specifications into line retroactively.

It might be supposed that such measures are relatively uncontroversial. That is, however, far from the truth.

At the heart of the problem is the foot-dragging by some governments who are concerned to spare their own fleets the expense of compliance for as long as possible. Meanwhile, tse uncertainty caused by slow ratification spreads confusion among even safety-conscious operators while failing to tackle the large section of the market open for sub-standard ships.

At a more technical level there is a feeling among operators of chemical, parcel and gas tankers that they are being tarred with the oil tanker brush. One example is the SOLAS requirement for the fitting of inert gas systems (IGS) on all new product tankers. As this applies to all liquid products with a flashpoint not greater than 60 deg. C a number of substances carried on chemical tankers will require inert gas. However, many of the products will be put off specification by the impurities in inert gas generated on board ship. Not surprisingly, many owners argue that the case for IGS systems on chemical ships is not proven.

Similarly, gas tanker operators are facing tighter controls which threaten to stunt market potential. The industry argues that the very volatility of both liquid petroleum gas and liquid natural gas which has to be cooled to —262 deg. F has ensured that only highely competent specialists have been attracted.

Because a substance like LNG is so intrinsically dangerous you either handle it as safely as it can be made to be or not at all. Additionally LNG tankers are among the most expensive afloat and are built to make explosions virtually impossible.

Much the same applies to spent nuclear fuel shipments. The recent investigation of irradiated nuclear fuel shipments from Japan for reprocessing in Britain, carried out for Greenpeace by the Political Ecology Research Group of Oxford (PERG) failed, both in the view of the wider industry and British Nupclear Fuels Ltd., to show how BNFL's purpose-built Pacific Swan could be made any safer than she already is.

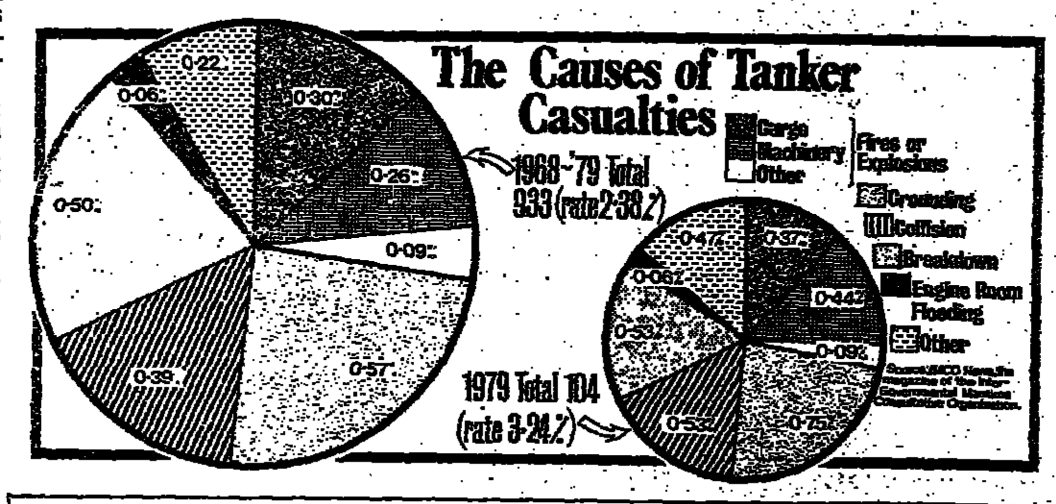
The transport of dangerous goods by road presents both similar and yet different problems to those encountered by ship operators. The characteristics of Liquid Petroleum Gas (LPG), for example, do not change when being moved from ship to road tanker but regulations have to allow for the nature of road transport which is split up to a greater extent yet easier to control.

Above all, without the need to establish such wide-ranging international codes—although there does exist the important European Agreement for the Carriage of Dangerous Goods by Road, known as the ADR—legislation can be made swift and effective at national level. Currently, the British Health and Safety Executive is drafting a second consultative document of proposals to clear up existing legislative loopholes. For example, LPG is not covered by the Petroleum Consolidation Act for the quirky reason that it has no measurable flashpoint.

In the meantime the industry has evolved its own code for the carriage of LPG which makes it virtually impossible for an accident like the one in Spain three years ago, which killed over 100 holidaymakers, to occur in the UK. Similarly, the Chemical Industries Association ensures that safety standards are maintained through regulatory codes such as Chemsafe, which lays down operating procedures, tank construction and labelling for dangerous chemicals and toxic materials.

While the vast proportion of bulk and hazardous cargoes are carried on the surface, the airlines have been able to carve out a profitable niche carrying very compact, high value substances, which need to be moved quickly. British Airways calculates it makes about £10m a year from this sort of business.

The classic example of this is radioactive materials, particularly isotopes, which have a short halflife and are moved in relatively small consignments of five to 10 litre flasks. Radioactive materials are carried subject to the International Air Transport Association restricted articles regulations and the rules laid down by he International Atomic Energy Authority in 1967 and 1973 Most airlines are very happy to accept—nominally—hazardou cargoes feeling, as they do, tha the most dangerous thing the carry regularly are passenger



FREIGHT V

Proposals for larger lorries a contentious issue

ROAD HAULAGE
LYNTON McLAIN

TWO EVENTS dominated Britain's road freight industry last year. One was the recession. The other was the Government-initiated Armitage Inquiry.

The Armitage Inquiry recommended that the maximum weight of lorries allowed in the UK should be raised by over a third to 44 tonnes gross laden weight; that lorries should be allowed to be longer, but not higher; that they should have tighter environmental controls; that changes should be made in the way tax for lorries is assessed, and that the decline in road building should be reversed.

Road freight has become so important in the carriage of goods in the UK — users spent £13.5bn on road freight services in 1979, no less than 95 per cent of all spending by users on all forms of freight transport—that both events are likely to have a formidable influence on the nature, efficiency, acceptability and structure of the road haulage sector and on the lives of the whole community for the rest of the decade, if not for the rest of the century.

Expenditure on road freight transport accounted for 8 per cent of the gross domestic product in 1979. 317,600 people were employed in the industry, with 192,600 employed directly in the "hire and reward" public haulage contracting sector. An estimated further 125,000 people were employed in road freight transport operations in companies using their own lorries.

Increasing demand for road freight services—the industry accounted for all the 80 per cent increase in demand for freight transport in Britain between 1953 and 1979—was met by more lorries in the years shortly after the war. But in the late 1950s and 1960s the rate of increase of lorry numbers slowed down and has been falling since 1967. Increased demand for road freight has since been met by the use of heavier and larger lorries.

Of the two influences which dominated the industry last year the recession came first, and quickly, judging by the slow reactions of many companies in adjusting their haulage fleets and vehicle purchases to meet the drastically lower demand for haulage services. Demand for road haulage services plummeted. Even by the most conservative estimate, given in January by Cambridge Econometrics, trading activity in the road freight business fell by 5 per cent in 1980 compared with the record 104.6bn tonne-kilometres of 1979.

Other estimates from within the industry suggested that demand for road freight services had fallen by 15 per cent, with demand down by as much as 20 per cent in some sectors.

The worst-hit areas were in general haulage, where most of Britain's estimated 46,000 professional road haulage companies ply for much of their trade. The vast majority of these operators run small companies operating five vehicles or less, according to the Price Commission in a study of the efficiency of road haulage companies published in 1978. It was these small companies that took the brunt of the pressure to cut capacity forced on the industry by the recession. The Road Haulage Association urged its 15,000 member companies to cut road freight haulage capacity by laying up vehicles for which there was no trade.

It was also the RHA which suggested that the fall in demand for road freight services had been as much as 25 per cent compared with 1979. Precise figures are difficult to gauge but the fall in business was certainly more severe than haulage companies had felt since the last recession in trade, in 1975.

The continued purchase of new commercial vehicles in 1979 and into the early months of 1980, when the onset of the slump in demand was no longer *questioned, was one of the* factors which exacerbated the effects of the downturn and further depressed company results.

Sales of commercial vehicles in 1979 reached a total of 300,565 vehicles, according to official figures from the Society of Motor Manufacturers and Traders. Last year this total had plummeted by 11.4 per cent to 268,219 vehicles for the full 12 months.

In the case of the National Freight Company, investment in new vehicles has been concentrated largely on its highly successful contract hire services to industry.

Contract hire specialists in the private sector include Mitchell Cotts Transport Services which operates over 1,000 vehicles. Turnover this year is expected to be over £13m.

The continued pressure on operating costs, although slightly less severe this year than in 1979 and 1980 in expectation of lower wage settlements, is likely to reinforce the change in the nature of the haulage business already heralded by the rise of services such as contract hire.

Contract hire can involve the simple hire of a van on a long-term agreement with a transport company. In its most comprehensive forms contract hire can involve the complete transfer of the warehouse and distri*bution activities of a manufac*turing company to a specialised transport company.

The transport companies which have chosen to invest heavily in specialised services such as contract hire and which are succeeding in a growing market are in the vanguard of a change in the haulage industry. This change will eventually—and sooner rather than later—see road freight transport operators in the UK split into two main categories: those with the financial muscle and management expertise to offer these highly specialised services and those operators, making up the most numerous part of the industry, which will continue to provide a general haulage service.

Aside from these changes in road haulage business, others are expected to follow from the publication in December of the Armitage Report of the Inquiry into Lorries, People and the Environment.

Sir Arthur Armitage, who was vice-chancellor of Manchester University when he wrote the report, opened up a veritable hornets' nest, or so the anti-lorry lobby saw it. Sir Arthur chose to list as the 51st of his 58 recommendations that maximum axle weights and gross laden weights of lorries should be increased from the present maximum of 32.5 tonnes to a maximum of 44 tonnes—an increase in weight of over 35 per cent. *He said this would pro*duce large economic benefits, help the environment, improve road safety and save energy.

The environmental lobby did not agree. Transport 2000, the pressure group supported by the British Railways Board, said Armitage was "out of touch with reality." The group said that the average load of today's 32.5 tonne lorries could fit on a lorry half the size because loads were generally not large enough to fill the capacity.

The National Freight Corporation, as it was called in January last year, gave evidence to Armitage suggesting that "not more than 35 per cent to 40 per cent" of all tonne-kilometres of road freight moved in fully loaded maximum capacity lorries.

The NFC showed that the average load of vehicles over 32 tonnes in 1978 was 15.4 tonnes compared with the maximum capacity of these vehicles of 21.5 tonnes. In other words, the heaviest lorries travelled with more than a quarter of their maximum capacity unused. Using heavier lorries would lead to savings, but only if they were fully loaded. "Diseconomies arise if they are loaded below 90 per cent of their maximum payload," Armitage was told.

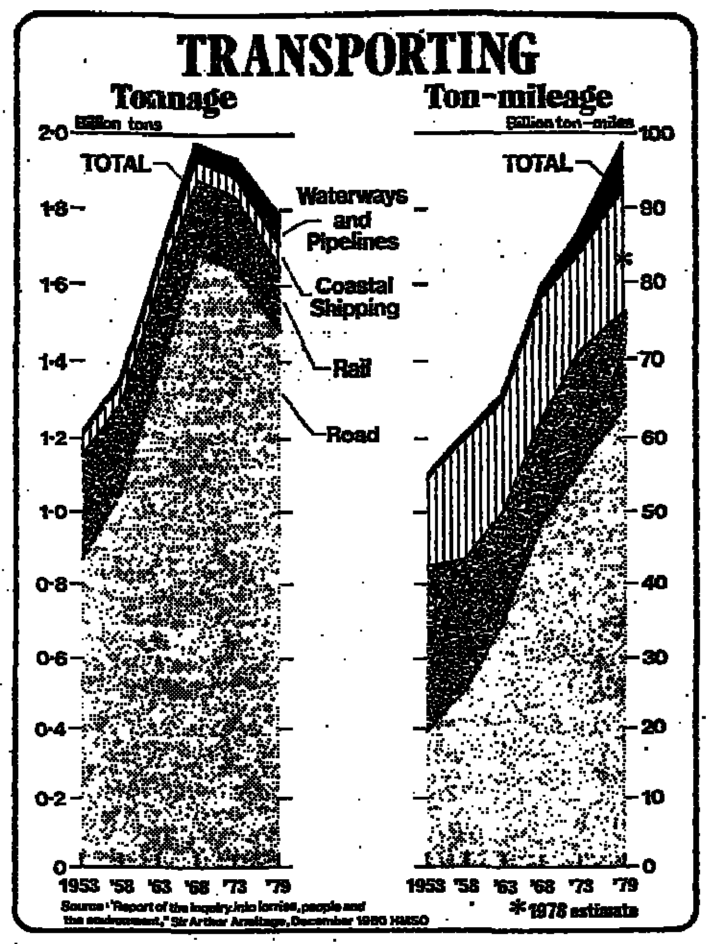
Armitage concluded that the heavier lorries he recommended (34 tonnes gross laden weight on four axles, 38 tonnes on five axles with two axles on the tractor, 40 tonnes with five axles with three axles on the tractor and 44 tonnes on six axles) would give "very large savings in transport costs, pos*sibly of £120m to £130m a year* now and £170m and £190m by 1990." The measures were necessary "on economic grounds," Sir Arthur said.

The Inquiry also recommended that measures should be taken to cut down lorry noise, to control pollution and fumes and there should be more roadside checks. Other measures, including proposals to make lorry operators pay the full road track costs—a measure of road damage — were also recommended.

The road haulage industry has already protested strongly about these measures proposed by Armitage to balance his recommendations for heavier lorries. However, Sir Arthur said the heavier lorry proposals were not "conditional" on the other, environmental recommendations being accepted by the Government.

Mr. Norman Fowler, the Transport Secretary, has not yet taken action to implement any of the 58 recommendations, but he succeeded in engaging the wrath of the massed ranks of Transport 2000, Friends of the Earth, the Council for Environmental Conservation and other environmental groups in "attempting to offload heavier lorries on the British people" by giving MPs in Parliament less than 24 hours' notice of a "full" Parliamentary debate on the Armitage report.

The environmental groups protested that a debate under such circumstances where MPs had not had a chance to study the report fully would largely be meaningless. The debate took place on January 27, but few passions were aroused by either side in the lorry debate, possibly because, as Mr. Albert Booth, MP, the opposition transport spokesman said in the House of Commons the short notice given by Mr. Fowler had prevented MPs being fully briefed by their respective lobbies.



TON-MILEAGE BY COMMODITY AND MODE OF TRANSPORT

(Thousand million ton-miles/per cent)

	1979 Ton-mileage	Percentage by: road	rail	pipeline
Food drink and tobacco	15.9	98	2	—
Building materials, timber and aggregates	14.5	88	12	—
Coal and coke	6.1	31	69	—
Crude oil, petrol and petroleum products	11.1	29	14	57
Chemicals and fertilisers	5.9	90	10	—
Iron and steel and other metals	8.1	78	22	—
Other	20.8	91	9	—
All commodities	82.4	78	14	8

Source: "Report of the Inquiry into Lorries, People and the Environment," Sir Arthur Armitage, December 1980, HMSO.

ESTIMATED LORRY TRAFFIC ASSUMING INTRODUCTION OF HEAVIER LORRIES

(bn miles)

	Lorries over 25 tonnes without heavier lorries	with heavier lorries	All lorries without heavier lorries	with heavier lorries
1978	3.79		13.35	
1990 low growth	5.28	4.86	12.98	12.56
high growth	5.78	5.32	14.10	13.64
2000 low growth	5.78	5.32	12.85	12.40
high growth	6.52	6.01	14.41	13.89

Source: "Report of the Inquiry into Lorries, People and the Environment," Sir Arthur Armitage, December 1980 HMSO.

Looking for new business by distributing goods

RAIL FREIGHT
LYNTON McLAIN

"Factories no longer have to be near the railway. New industrial areas have developed with no rail access of any kind. Indeed modern industrial estates are often not linked to the railway. New industrial suburbs have developed and prospered which are wholly dependent on road transport.

"There has thus been a bandwagon effect. As the proportion of factories linked to the railway has fallen, the incentive for their suppliers and customers to remain directly connected to the rail system has progressively declined. This tendency has been reinforced by the reduction in the geographical extent of the railway network by line closures and the requirement placed on British Rail that they should run their freight services on a commercial basis."

Sir Arthur Armitage, Report on the Inquiry into Lorries, People and the Environment.

THIS ASSESSMENT of the relationship between some industries and the railways in the pattern of freight distribution in the UK was published in December 1980. Although it represents an independent view of some of the characteristics and realities of freight distribution in the 1980s the Report is certainly not a comprehensive statement of all that could be said about rail freight, nor was it expected to be.

In particular, the Report does not cover the potentially prosperous future for rail freight in certain specialised sectors; for example, BR's continued commitment to the transport of bulk commodities, such as coal and minerals, and progressive developments like Speedlink, the computer-controlled train-load service. Likewise it does not mention the 94 schemes approved by the Government under the Railways Act 1974. These involve grants totalling £26.2m for private railway sidings for companies, which are expected to generate 18m tonnes of extra freight for BR.

Nevertheless, the comments of the Armitage Report underline many of the truths behind the current lowly place of rail freight in the nation's transport requirements. Figures starkly illustrate much of what has happened in rail freight since the early 1950s.

British Rail carried 289m tons of freight in 1953. This represented 24 per cent of the total of 1,217m tons of freight carried in the UK, by rail, road, coastal shipping, the British Waterways Board's canal network and pipelines. Road transport accounted for 72 per cent of the total at the time.

By 1979, however, British Rail accounted for only 9.2 per cent of the total of 1,793m tons of freight transported in Britain. This total of rail freight of 166m tons paled in comparison with the staggering 1,480m *tons of freight* hauled by road which gave road freight its record 83 per cent share of the total tonnage of freight distributed.

In terms of ton-miles—a measure of freight activity which reflects the distances travelled by freight—rail freight's 12.5 per cent share of the total of 98.8bn ton-miles operated by all modes of transport in 1979 appears more healthy than its performance in terms of tonnage moved. However, when contrasted against British Rail's freight performance in terms of ton-miles in 1953—then it held almost half (42 per cent) of the total freight market of 54.7bn ton-miles—the rate of decline is *seen to be greater in this sector* than in BR's performance as a carrier of tons of goods and materials.

Part of the explanation for the sharper fall in rail performance in terms of ton-miles compared with tonnage carried lies in the decline in the average length of haul from 79 miles in 1953 to 73 miles in 1979. Meanwhile the average length of haul by road transport virtually doubled from 22 miles in 1953 to 43 miles in 1979.

Rail has also fallen behind in the increasing use made of the lorry in the share of goods and materials traffic of specific types listed by the Government in its Transport Statistics handbook. Only in terms of building materials, wood and timber; minerals, earths and stones; and coal and coke has British Rail managed to maintain its market share at more or less constant levels over the decade to 1979. The tonne kilometres of minerals and stone moved by rail actually increased, from 11 per cent in 1968 to 17 per cent for 1978 and 1979.

The combined effect of the recession in trade and the 13-week steel strike early last year resulted in an operating loss by British Rail estimated at £70m, compared with the operating surplus of £70.2m in 1979. Almost all of the loss was attributed to losses incurred by the rail freight business, although the transport of iron and steel by rail accounted for only £67.5m (15.6 per cent) of BR's total freight train receipts, excluding parcels and Post Office business, worth £432m in 1979, the last period for which detailed figures have been published.

Last year's rail freight losses will seriously affect British Rail's ability to meet the tough financial targets it agreed with the Government in March 1980. The freight business and the successful Inter-City services were set targets as a first step towards making both sectors financially independent and justifying new investment.

However, no final date for the so-called financial "target" was set, which in the case of the rail freight business was just as well because last year's huge losses make it unlikely that sufficient progress will have been made by 1982, to meet even the current interim targets, which will then be reviewed. The target calls for rail freight to cover two-thirds of its current cost depreciation and amortisation in 1982. In 1978 freight covered less than a third of this.

Rail freight accounted for most of British Rail's £9.6m operating loss in the first half of 1979, as well as most of the loss last year. However, freight managers hope it will still be possible to achieve an annual operating profit of around £100m from rail freight by the 1990s, if the *British Railways* Board can agreed with the the trades unions on measures to improve rail freight productivity.

Productivity measures depend on agreement being reached over the future of the 442 rail freight terminals and the 35 wagon marshalling yards, as well as on manning levels on freight trains. BR wants to see one-man operation on its freight trains. Figures pub*lished by British Rail show that* its performance is very much worse than that of any other railway apart from Italian Railways in Europe. BR requires more than twice as many train crew to run a freight train as the most efficient operators on the Continent, such as those in the Netherlands.

British Rail believes, however, that it is a "basic and essential part of heavy industry," and intends to tackle the problem of its labour-intensive freight operation as a matter of urgency. Without the improvements it wants, Government backing for more investment in the rail freight system may not be forthcoming. This would be a great loss, because BR believes it can "win back on to the trains" an estimated 40m to 50m tonnes of manufactured and semi-manufactured goods.

British Rail has started by looking for a target of 100,000 tonnes of new freight business for its computer-controlled Speedlink (75 miles an hour freight train service) by 1982, a million tonnes by 1985 and 2.5m tonnes by 1990. BR's freight planners aim to achieve these increases by a greater involvement with all the operations necessary to distribute goods—including storing goods in warehouses, breaking the bulk of a consignment, consolidation (that is, the collection of a range *of goods for dispatch* to individual outlets) for onward delivery and final delivery.

BR has identified 375m tonnes of manufactured goods which are now moved in and out of warehouses by road every year. If just 10 per cent of this involved trunking the goods over long distances, it would represent a "very big market area" for British Rail, its freight managers believe.

Sir Peter Parker, the chairman of British Rail said the planned improvements would "only" increase rail freight tonnage by a third from the 169m tonnes of 1979, "but it would double revenue."

High standards in a buyer's market

PARCELS

LYNTON McLAIN

INDUSTRY AND COMMERCE have benefited enormously from the price war in the UK parcels industry, a traditionally unglamorous sector of the freight transport market, but one which has undergone a series of substantial structural changes in recent months.

Last year's price war saw rates for parcels as much as 38 per cent lower than they were in 1979, and the operators' response showed all the symptoms of a buyer's market where customers were almost able to dictate terms to the suppliers of the parcels services.

Demand for the services of the UK's diverse range of parcels collection-and-delivery companies has slumped at least as much as that for freight transport in general. Estimates for the drop in demand for parcels' transport range from 17 per cent to over 20 per cent by volume compared with 1979. However, even before the market slumped so severely last year, other changes were under way in the parcels market which, in retrospect, can only have exacerbated the problems of over-capacity of supply caused by the recession in trade.

The greatest changes—which also benefited the customer the most—were the inflow of new and aggressive public and private companies into the already competitive parcels sector in the late 1970s and the application of computer technology and automation to the parcels busines on an unprecedented scale. The most aggressive newcomers were the IPEC Transport Group and Thomas Nationwide Transport with its Inter-County Express high-speed parcels collection and delivery service.

Both groups are based in Australia and were quick to bring highly competitive and aggressive marketing techniques to the business of freight transport in Europe. IPEC announced its express road services—designed to embrace all types of packaged freight and not just parcels—in October, 1979. Company-staffed depots were opened in London, Bristol, Birmingham, Manchester, Northampton, Glasgow and Belfast. Other depots and distribution networks were operated in Continental Europe.

IPEC was quick to acquire already well-established road freight companies in the UK and in Europe as a way of buying a share of the market. The Australian group took over Sayer Transport in England and the Dutch-German company Gelders-Spetra with its branches in Germany, Holland, Belgium, France, Switzerland and the UK. Fast trunk-routing of road freight between 36 main centres overnight in Europe provided the basis of IPEC's service, which it claimed was "faster than airfreight."

One of IPEC's selling points was its decision to give "assured delivery times" within six European countries. Other facilities included an inland clearance depot in the UK, where HM Customs officers are available to get freight moved quickly.

The International Carriers' joint venture operation in the UK involving National Carriers—part of the state-owned National Freight Company—and International Express, a private freight forwarder, became an established name in freight transport, although parcels traffic only represents a part of its operation. International Express was the first joint venture of an NFC company with the private sector, an experience likely to be repeated after the NFC is denationalised, at a date yet to be decided.

It was the arrival of the Australian companies in the UK parcels market that, however, heralded most the pronounced change in the attitude of companies in parcels distribution to their customers. The often slack, low-quality service of parcels companies in the 1950s and 1960s, when guaranteed delivery times were unheard of, gave way in the late 1970s to new standards of high speed, high security services. Securicor developed its express parcels and document delivery service and captured a part of the market where customers were only too pleased to pay for a delivery service of the highest quality—for example, for urgently needed computer materials.

In this process of change, the UK market for the transport of parcels and other small volume, often high value, materials had become highly specialised. The operators who failed to respond to the market need for these higher standards at a time of a depressing low volume of business stood to lose traffic. As Mr. John Harvey, group director of the SPD subsidiary of Unilever, put it: "The parcels business became one of instant change. Bad service, bad delivery and bad price became the guaranteed way to lose business." SPD's total specialised parcels operations generate revenue of £40m a year.

Mr. Harvey made his comment last autumn, after announcing plans for Carryfast—the SPD group's specialised parcels delivery subsidiary—to double its 3.5 per cent share of Britain's parcels market, a sector worth an estimated £500m a year. Carryfast had already spent £6m in extending depots and buying new vehicles. The company had also invested in its first computer controlled parcels sorting system to be built at the company's Feltham centre. Further mechanisation of depots is planned.

Other operators in the increasingly automated and mechanised parcels sector include Wilkinson Transport, which has an annual turnover of over £20m from parcels distribution. Wilkinson Transport recently opened a new £5.5m purpose-built sorting centre at Nuneaton. This incorporates computer-controlled mechanical handling equipment allowing up to 200,000 parcels, involving 500 road trailers, to be handled each day.

Wilkinson Transport won one of the "Awards for Excellence" presented last year by the British Institute of Management's Centre for Physical Distribution Management for its "Wilkontrol" system, the first fully computerised control system in Britain for monitoring parcels in transit.

Computer technology has also been introduced into Roadline UK, the National Freight Company's parcels company. Last May Roadline opened its first computer-controlled, automatic parcels depot at Southampton. This investment cost £250,000 and further investment in mechanising up to 14 more parcels depots over the next two or three years could reach £5.5m.

Last year Roadline was inevitably caught up in the race to win business in the depressed parcels market. The company started the year with a loss of £575,000 inherited from 1979, and in May last year it offered to cut its parcels rates by one third. The company also introduced the name "Roadline Express" and guaranteed to give customers their money back if deliveries were late. A 24 hour delivery service "in most areas" was offered.

These offers were designed to business in the short term. In the longer term, Roadline's plans include a major streamlining operation covering all its parcels operations in Britain.

The changes are planned in the way Roadline's 15 major "hub" centres for the handling of parcels operate. Two other centres, at Edinburgh and Glasgow, have already been absorbed into the new Scottish Freight Company—formed by NFC in January to cut overheads—by embracing the activities of Scottish Road Services, National Carriers and Roadline. The changes are expected to lead to the closure of some local parcels branches of Roadline and the extension of the operating zone for the remaining 15 hub centres.

The biggest other change in the industry last year was the decision by British Rail to get out of the collection and delivery of parcels from July 1, 1981. This area of British Rail's freight operations lost £38m a year from revenue of £40m, so British Rail decided in October not to attempt to salvage the business but to concentrate its resources on developing the profitable sectors of parcels which generated revenue of £150m for the whole of BR last year. After July 1, BR's parcels business is expected to generate £113m of revenue.

The Red Star service, where customers send parcels by train for collection at the station, is to be expanded by BR and £8m is to be invested in the service over the next five years.

The decision by BR to drop its collected and delivered parcels service will have its ripples throughout the whole of the UK parcels business. In particular, the decision will have a severe impact on National Carriers, a subsidiary of the state-owned National Freight Company (which the Government wants to denationalise), which held the contract from BR to supply and operate the lorries to run the collected and delivered parcels business.

National Carriers generated about a quarter of its turnover of £113.4m in 1979 from its contract to run BR's collected and delivered parcels business and this was also the source of its greatest profit, with the BR contract accounting for a high proportion of the £4.8m trading profit in 1979.

The National Freight Company is sanguine about the loss of the business from July 1 this year and recognises that the withdrawal by BR of its Rail Express Parcels service will release about £38m worth of traffic onto the parcels market. National Carriers and Roadline UK, the NFC's main parcels operator, are both expected to make attempts to win a share of this business back.

The NFC expected the loss of the BR contract to have an effect on its preparations for the flotation of its shares on the Stock Market. But it insisted that the loss of one contract should not be regarded as decisive.

Flotation postponed by economic downturn

NATIONAL FREIGHT COMPANY

LYNTON McLAIN

THE STATE-OWNED National Freight Company, the largest road freight operator in Britain, has already passed through the first stage of the Government's strategy for it to be sold off to the private sector.

The measures to enable the proposed sale to take place were enshrined in the Transport Act 1980 and stage one, the transfer of the business of the former National Freight Corporation to a limited company—the National Freight Company—took place on October 1 last year.

To the world outside the NFC this was of limited interest because the date when the National Freight Company would be denationalised by a sale of shares in the company was and is still highly uncertain.

But for the directors of the company and for potential shareholders, the date of October 1, 1980, was important and a significant step towards a realisation of the Government's objective of denationalising the mixed bag of assets which make up the National Freight Company.

These assets embrace 16 broad industry sectors from cold storage and waste services to travel, freight distribution and the contract hire of complete fleets of lorries to industry.

The operating companies of NFC which provide these services have become almost household names such as British Road Services. Other names include National Carriers, Roadline UK, Pickfords Removals and Travel and Pickfords Heavy Haulage.

Together these and the other assets of NFC, fixed and current, amounted to £215.4m in 1979. After current liabilities and provisions, the Corporation (as it was then) had net assets of £92.6m.

Other basic figures illustrate the scale of the NFC's operations in 1979. The gross receipts from all its operations came to £432.1m. This gave a trading profit of £20.2m and a net profit of £2m after pension provisions and £8.1m interest to the Government.

The turnover figure is the largest of any single road transport trading group in Britain. Next in size is the Transport Development Group with a £248.2m turnover in 1979 which produced a greater profit at £23.4m than the NFC managed to do from its much larger receipts, although the net assets of the publicly quoted TDG at £143.5m provide a substantially larger base.

Nevertheless the National Freight Company is a force not to be overlooked in the road freight transport sector of Britain's economy, a sector on which users of road freight spent £13.5bn in 1979—eight per cent of Britain's gross domestic product. NFC accounts for about eight per cent of Britain's road haulage business.

But from the time the National Freight Corporation was formed under the Transport Act 1968 to October 1—when it ceased to exist as a public corporation and became a limited company—the NFC had been "constrained," to use the word of Mr. Victor Paige, one of the NFC's two deputy chairmen by the method by which it was financed.

Up to October 1, NFC had been financed entirely on the basis of fixed-interest loans. This, it argued after the Government's plans for denationalisation became clear, gave it "less flexibility than most of its competitors."

All that changed from that day in October when NFC became a limited company.

The fixed interest debt was replaced under the terms of the Transport Act 1980 by equity share capital. The Government, through Mr. Norman Fowler, the transport secretary, holds all the equity and will continue to do so until the promised day for the public flotation of the shares arrives.

No date has been given for this flotation and no forecasts have been made by the NFC or by the Government. The severe depression in the road freight market, which reflects the general downturn in the economy, and the lack of sparkle expected from the NFC's results for its last nine months as a public corporation to last October, have combined to ensure that no flotation is possible this year and maybe next year as well.

But when the Government and the Board of the National Freight Company do decide that the time is right for a flotation of shares in the equity, it is probable that NFC will be in as good shape as any of its larger competitors.

It is managed by a young team of unquestionably talented people whose ability to steer the group as a whole along lines it believes to be strategically important—such as the deliberate policy of reducing the exposure of the NFC to the highly competitive, low profit general haulage sector where 46,000 companies vie for business—is likely to pay increasing dividends.

When Mr. Peter Thompson, the chief executive of the NFC and a deputy chairman since October last year joined the corporation in 1972, general haulage and parcels accounted for 70 per cent of revenue. In 1979, the latest available period for figures, general haulage and parcels and small freight accounted for 32 per cent of gross receipts.

In their place have come a range of highly specialised services—such as contract hire—and services which represent profitable diversification such as the move into cold stores and waste management.

NFC claims to be market leader in contract hire, and in removals, although a number of astute private haulage companies have been equally quick to recognise the potential of the contract hire approach. NFC companies operate over 25 contracts worth over £1m each with companies with household names such as Marks and Spencer, Woolworths, BMW, Volkswagen, Kelloggs, Mars and Talbot cars.

However, despite the attractions of many aspects of the NFC's work, it has still not finalised plans for the rationalisation of many of its operations and suffers from excess manpower and excess capacity in some of its operational areas.

In particular, the NFC has only started an attempted rationalisation of its Roadline UK, National Carriers and British Road Services operations, many of which overlap.

The start of a long needed programme to re-organise the operations of these companies was announced in November, when the NFC decided to concentrate its main activities in Scotland under a new company, called the Scottish Freight Company.

This came into existence on January 1 this year and embraced the activities of BRS, National Carriers and Roadline UK in Scotland.

A subsequent statement last month revealed that the rationalisation had been taken a stage further, with the formation of the new Scottish Parcels company which would operate with the existing Scottish Road Services company under the new Scottish Freight Company. National Carriers and Roadline UK effectively ceased to operate as separate entities in Scotland fro mlast month.

More confidence in the waterways

INLAND WATERWAYS

LYNTON McLAIN

HOPE AND optimism have long been among the noted virtues of the small band of professional and part-time supporters of Britain's network of inland waterways. Most supporters also have a fervent belief that the case for greater public support is getting stronger daily as energy costs rise and arguments rage over the role of the heavy lorry in carrying the goods of the Community.

In continental Europe, such arguments have almost no place, for there the role of the canal and the wider inland waterways and rivers is well established and accepted. Only in France has the role of the inland waterway in the carriage of goods become less important than it was a decade ago, when 102m tonnes of freight were carried compared with the total in 1978 of 92m tonnes.

The inland waterways of Britain carried a total of 7m tonnes of freight in 1968. Ten years later, in 1978, the tonnage had fallen to 5m tonnes. Over the same period the tonnage of freight hauled by inland waterway in Belgium had risen from 93m tonnes to 100m tonnes. In West Germany, the increase was from 233m tonnes to 246m tonnes; in Luxembourg from 6m tonnes to 10m tonnes; in the Netherlands from 242m tonnes to 278m tonnes. Even in Yugoslavia, a country with a relatively small canal network, the tonnage carried almost doubled over the period, from 19m tonnes in 1968 to 37m tonnes in 1978.

In terms of tonne-kilometres—a more comprehensive measure of freight activity than simple tonnage—the use made of Britain's inland waterways has declined even more dramatically over the decade to 1978, when 85m tonne-kilometres of freight went by inland waterway, a fall of almost 45 per cent.

By sharp contrast, the Soviet Union increased the freight activity of its inland waterways by almost 57 per cent over the period to 243.700m tonne-kilometres in 1978. At the same time the Soviet Union carried far less in terms of tonnes by inland waterway, with the total falling dramatically from 3,221m tonnes in 1968 to 546m tonnes 10 years later. The two sets of figures show that although the tonnage fell, according to figures from the British Transport Department, the distance travelled rose sharply.

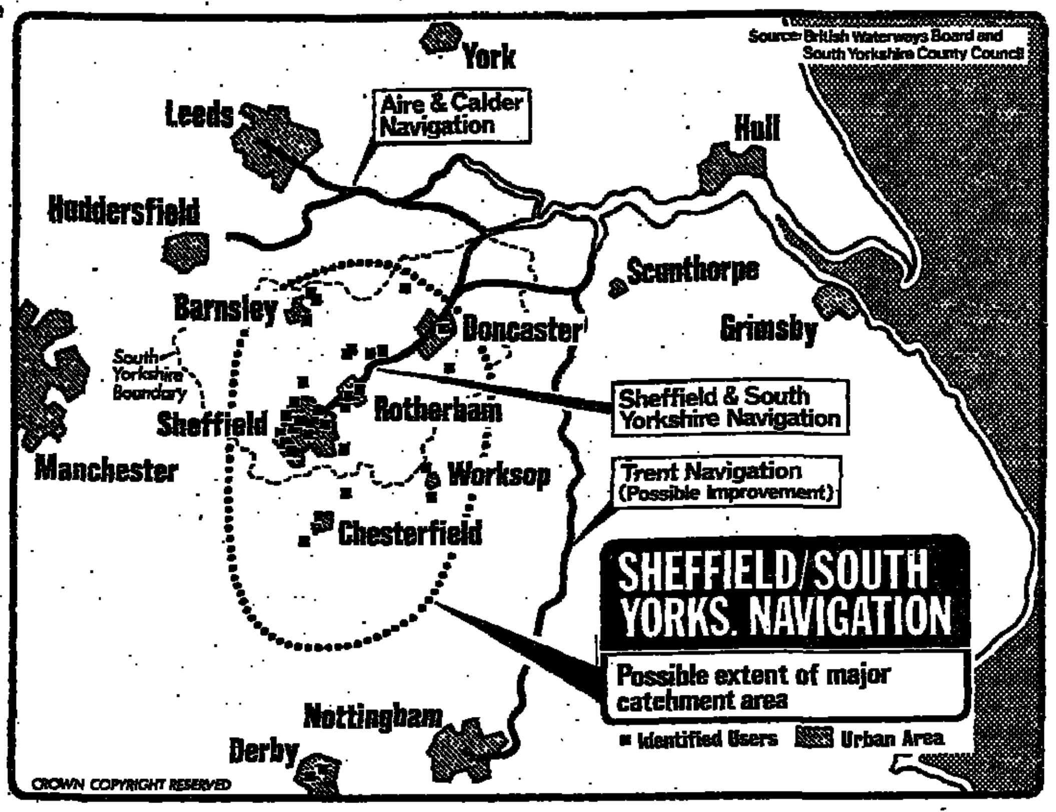
Critics of inland waterway transport, when confronted with figures like these, are quick to point to the geographical differences between Britain and continental countries — with their long, wide rivers, navigable for much of their length and their long-standing tradition of carrying bulk raw materials such as coal and ores by water. But such a comparison does not explain the steady and rapid decline in the tonnage and the activity — measured by tonne-kilometres — of Britain's own inland waterways.

The British Waterways Board has blamed the relatively slow growth of UK industrial production; the differences in scale and length of UK and continental inland waterways; the consistent commitment to a major motorway programme in the 1960s and the drop in coal production as contributory factors to the decline.

Official figures from the Transport Department for the tonnage and tonne-kilometres of freight moved by Britain's inland waterways cover only the activities of the state-owned British Waterways Board and not those by port authorities, local authorities, regional water authorities and other owners.

The BWB carried 6.8m tonnes of freight in 1968, including oil, other liquids in bulk, coal, coke and general merchandise, according to the Government's official annual review of Transport Statistics. By 1979 the total carried had dropped to 5.2m tonnes. Over the same period, the freight moved by the BWB had fallen from 140m tonne-kilometres in 1968 to 83.7m tonne-kilometres in 1979.

These figures, however, go only a part of the way to illustrating the performance of Britain's inland waterways. The figures applied solely to the activities of the BWB which operates only 359 miles of commercial waterway—about a third of the total of commercial waterways in Britain as classified by the Inland Waterways Association. The Government accepts that its published figures do not represent the total activity of the inland waterways sector of Britain's freight business.



COMPARATIVE RATES: SHEFFIELD AREA TO HULL

(South Yorkshire Navigation vs Road and Rail journey)

Bulk materials (£/tonne)

	Existing waterway	Road	Rail
Collection	1.00	—	1.00
Loading	1.00	—	—
Main journey rate	2.20	3.25/3.75	1.75/2.50
Toll	0.30	—	—
Port costs: Wharfage	0.54	1.09	1.09
Stevedoring	nil/0.75	1.50:	1.50
Total	5.04/5.79	5.84/6.34	6.34/7.09

Source: Sheffield and South Yorkshire Navigation, "Appraisal of Improvement Prospects," BWB, South Yorkshire County Council.

The Government has excluded from its inland waterway figures tonnages and tonne-kilometres figures for all lighterage (the trans-shipment of cargoes from larger vessels or from the shore into barges for transport inland by commercial waterway), all bunkerage (the filling of ships by fuel-laden barges), traffic on the Manchester Ship Canal and traffic on tidal rivers and estuaries such as the Thames and the Humber.

However, an independent survey in 1977, carried out by Dr. Mark Baldwin, the researcher from Imperial College who is also a vice-chairman of the Inland Shipping Group of the IWA, showed that three years earlier the total movement of freight by all these waterways was about *350m tonne-kilometers*, compared with the 73.1m tonne-kilometres moved by the BWB alone in 1974. Of the 350m total, about 250m tonne-kilometres was estimated to be esturial, leaving 100m tonne-kilometres moved ontrue inland waterways.

These figures and more recent estimates led the Inland Waterways Association in November 1980 to attack the Government for continuing to publish "grossly inaccurate figures" for the tonnage of freight actually carried by Britain's inland waterways.

The association, in a major report on "British Freight Waterways Today and Tomorrow" published figures which showed that inland waterways contributed over 3bn tonne-kilometres annually to Britain's freight transport. The official Government figures, published in the annual Transport Statistics for Great Britain, gave the total as only 0.1bn tonne-kilometres, because they excluded all waterway transport other than that on the BWB network.

The association did not stop at that, however. It showed that 50m tonnes of freight were transported on Britain's total network of inland waterways in a typical year—10 times the *Government's own figure of 5m* tonnes The Inland Waterways Association concluded that the official Government figures for inland waterways were "so grossly inaccurate as to invalidate any conclusions based on them."

The use made of inland waterways was actually considerable and its "virtual exclusion from studies of domestic freight movement is both illogical and misleading" according to Dr. Baldwin, who compiled and edited the report and Dr. David Hilling, of the geography department at Bedford College, who is chairman of the Inland Shipping Group.

The continued publication of *the "inaccurate" official figures* referred to by the IWA has probably helped contribute to the historic "lack of confidence" in Britain's canal and inland waterway system which the British Waterways Board referred to in its appraisal of plans for improving the Sheffield and South Yorkshire Navigation canal. This £10m improvement scheme—with £1m coming from South Yorkshire County Council—is now well under way as the first substantial investment in the development of the British canal system for over 50 years.

The decision in September 1978 by Mr. Peter Shore, who was then Environment Secretary, to allow the improvement *scheme to go ahead* was welcomed with open arms by the British Waterways Board. Sir Frank Price, the chairman of the BWB said, "This is a momentous decision which will renew the confidence of all who are associated with, or support the carriage of freight on inland waterways." He said "this single act will help to improve the environment and bring additional jobs to the South Yorkshire/Humberside area, which is in need of both."

The renewal in confidence in the future of the waterway had resulted in a 20 per cent increase *in local traffic,* the BWB said in its last annual report.

The original plan for the Sheffield and South Yorkshire Navigation was to improve conditions in the waterway between Doncaster and Rotherham to allow 700-ton barges to navigate as far up stream as Mexborough and 400-ton barges to go as far as Rotherham. The present traffic above Doncaster is limited to barges of 90-ton capacity.

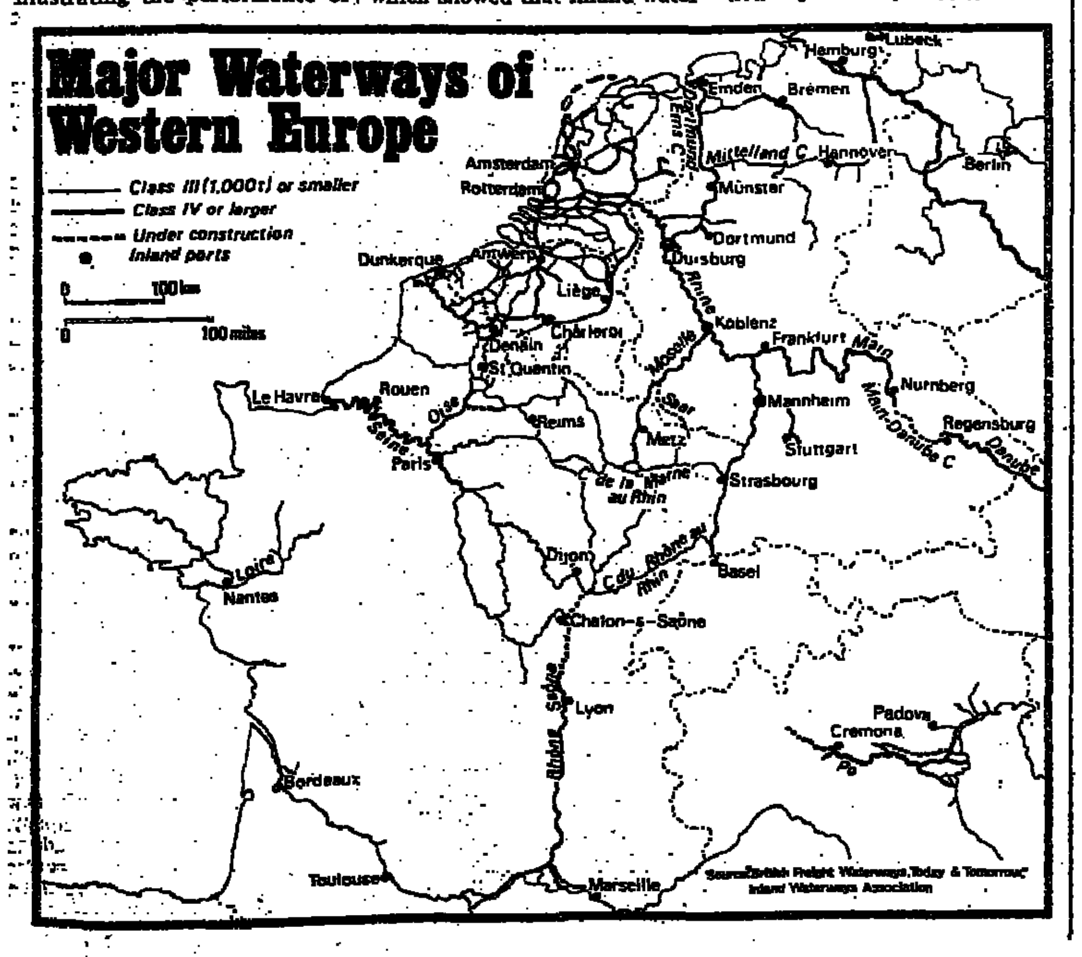
Work has progressed well towards building the seven new locks on the network, including the rebuilding of a lock at Doncaster, although the BWB has been forced to "re-phase" some of the work on the "easing" or straightening out bends. The change in pace was made necessary by the Government's decision to cut the external finance limit to the Board by 10 per cent for 1980-81 from the £33m requested by the BWB to £30m. Also the Government insisted on a further cut for 1981-82 from the £39m originally called for by the BWB revised by the BWB to £34.5m to £31.7m.

However, the Board has made unexpected progress in its plans for increasing the capacity of the waterway above Mexborough. The original plan to limit barges to 700 tons up to Mexborough has been scrapped. When the scheme is finished in 1982-83 barges to the full capacity of 700-tons will now be able to travel as far as Rotherham.

Another innovation by the Board, announced last year, was its first joint venture with private enterprise for the provision of inland waterway transport.

Inland Waterway Carriers, a new inland waterway carrying company set up by the BWB (51 per cent) and Cawood Hargreaves (49 per cent) was formed in June with the aim of carrying 20m tonnes of minestone waste on the Aire and Calder Navigation. Purpose-built craft—so-called push-tow units with barges with self-discharge mechanisms now being designed by Strathclyde Maritime design consultants—will be used to carry 670,000 tonnes of stone a year. Up to £3m is to be invested in the push-tow units and the BWB plans to spend a further £500,00 on new wharves.

This development and the "*momentous*" *Sheffield and* South Yorkshire Navigation scheme are indications of the confidence of the BWB staff in the future of commercial waterways in Britain. The Government, however, regards the scheme very much as a test case.



World fleet continues to grow

FEW DEVELOPMENTS in shipping have aroused as much controversy as the growth of the world's fleet of roll-on/roll-off (ro-ro) ships.

Recent accidents have thrown some doubt over their safety aspects and there are widely differing views about their commercial attractions. Scandinavian shipping operators, for instance, enthuse over the advantages of ro-ros, whereas many traditional deep-sea liner operators swear unflinching support for the pure container ship.

Ro-ro ships account for only about 1 per cent of the world shipping fleet, and three-quarters of the 750 or so that have been built are tied to the short sea trades, mainly in Europe. Nevertheless, they are one of the most discussed current developments in international shipping.

The size of the world ro-ro fleet has grown rapidly over the last few years. The Netherlands Maritime Institute estimates that in 1973 there were 110 ro-ros totalling 0.8m dwt. By 1979 the fleet had risen more than five-fold, to 747 ships totalling 4.5m dwt. And the growth is continuing.

A recent Fairplay report, "Ro-ro Ships and their market role," calculates that there are another 167 ships totalling 1.68m dwt on order, which will swell the world fleet by over a third in size.

The rapid growth in the numbers of ro-ro ships has been put down to their flexibility and suitability for servicing a variety of markets. Unlike container ships a ro-ro can carry virtually anything. The concept is straightforward enough. By rolling cargo on and off, ship turnround times can be shortened substantially, and port congestion eased.

On the other hand, the main argument against ro-ro ships is that they make less efficient use of the space available. A ship carrying 100 road trailers, for example, might be capable of carrying substantially more container cargo because the room underneath the trailers is wasted. Nevertheless, it has to use just the same amount of fuel as a container ship.

In addition, ro-ro ships have suffered from some stability problems associated with the difficulties in stowing cargoes the length of the ship. However, ro-ro ship design is changing constantly and the newer ships have been modified as a result of earlier experiences.

The boom period for ro-ro ships was in the mid-1970s when the sharp rise in oil prices led to a dramatic increase in the trade with the Middle East countries.

Shipping companies soon found that the major problem in carrying the increased trade to the Middle East was the shortage, and poor quality, of the local port facilities. Congestion was widespread. Consequently, many shipping companies invested in what were little better than tank landing craft. Equipment and consumer goods were transported from the West and unloaded on the shores. As the local ports facilities improved, the ro-ro ships became more sophisticated. The big advantage is that unlike a container ship they do not need specialised berths and unloading equipment.

Some shipping companies argue that ro-ro ships are merely filling an intermediate stage in the transition from conventional cargo liners to pure container ships. There is some truth in this thinking. Overseas Containers Ltd., for instance, is now containerising P & O's old Middle East trades and introducing pure container ships. However, other operators such as Mideastcargo, continue to put their faith in their new generation of ro-ro vessels specially designed for the trade.

West Africa is another area where ro-ro ships have become important carriers and Miami is fast developing as an important ro-ro centre for the Caribbean. Oslo shipbrokers, P. F. Bassoe, report that 25 ro-ro vessels are now operating out of this port and they believe that we have only seen the beginning. Brazil and South America are also growing in importance.

FERRIES

WILLIAM HALL

The ro-ro concept was pioneered by the Scandinavian countries and Sweden and Norway boast the first and fourth largest ro-ro fleets. Scandinavian owners such as Leif Hoegh, the Johansson group, DFDS and Stena Line have been at the front of the developments. The latter, in particular, has made a name for itself in designing and building ro-ro ships which it has sold or chartered out to other owners.

However, the Soviet Union is also building up its ro-ro fleet. According to Lloyd's Shipping Economist, the Russians have recently put ten large ro-ro ships into a new group under the auspices of the Black Sea Steamship Company, and another ten ships are on order. The new fleet will service the Black Sea/Middle East and Far East but Western operators are worried that the Soviet ships will encroach on the lucrative UK/Continental/Western Mediterranean trades.

Generally, the trend in ro-ro shipping is towards larger vessels. Ten years ago a 3,000 dwt ro-ro ship was typical, whereas the Barber Blue Sea ships, belonging to W. Wilhelmson, Ocean Transport and Brostroms are 32,000 dwt—10 times the size. In addition crew members are being reduced. Some of Barber Blue Sea's ships, for example, are operated by 16 crew — over a third below normal.

In a recent review of the ro-ro market, Fairplay says that "controversy and conjecture surround the future directions that ro-ro shipping is likely to take. The ro-ro ship must, to operator and designer alike, represent one of the most fascinating ship types extant, for the sheer number of attractive possibilities that can be designed into a single hull." The review concludes that "new designs involving radically new concepts are probably more likely to develop in this sector than in any other."

The area where the concept is really in a state of flux is in the deep sea trades. The next decade will show whether the Scandinavian enthusiasm for deep-sea ro-ros is proved correct.

Another recent study, "The status of Deep-sea ro-ro services," by H. P. Drewry, notes that the deep-sea ro-ro fleet is going to expand by 37 per cent over the next couple of years. It says that there does not seem to be much scope for further ro-ro expansion on the Europe to U.S. East Coast/U.S. Gulf trades, but in common with Bassoe, it is enthusiastic about the prospects for the Caribbean.

Drewry also sees continuing demand for ro-ro ships in the Europe to Middle East trades and says that the prospects for Europe-India ro-ro services will depend on the level of containerisation. It sees little prospect for ro-ros on the Europe-West Coast North America route and believes that the North America to Middle East trades, which boasts the highest proportion of ro-ro capacity, is over-tonnaged. It says that overall it expects the ro-ro fleet will grow at a much more modest pace than in the past.

In the short sea trades there is no question that ro-ro ferries have established themselves as the main mode of transport. One or two pure container shipping operations such as Ireland's Bell Line offer an alternative service, but the vast bulk of short-sea conventional freight travelling moves in ro-ro ferries.

Many of the early ferries that were designed with cars and passengers in mind have now been replaced by either specialist freight ferries or multi-purpose ferries which can accommodate large amounts of tourist traffic in the summer season while maintaining a heavy bias towards freight. Townsend Thoresen's latest generation of ferries on its Dover-Calais run are indicative of the way designs are developing.

However, some areas of the short-sea ro-ro market still offer interesting growth opportunities. DFDS, the Danish ferry company, has embarked on an ambitious ro-ro project in the U.S. It is building a 20,000 grt car/cruise liner which will transport 1,600 passengers and 400 cars from New York to the Bahamas, where they will be transhipped and carried to Miami by another ship. North America is in its infancy as regards the ro-ro market, and a number of Scandinavian owners believe that it has growth potential.

Another corner of the ro-ro market which is growing is the train ferry services. Long neglected by many countries, the inherent cost advantages of rail freight are leading to a resurgence of interest in train ferries.

In 1980 Dover's ro-ro traffic dropped for the first time

Dover is one of the busiest roll-on/roll-off (ro-ro) ferry ports in the world with ferries departing every 20 minutes on average day and night throughout the year.

Over the last decade Dover's freight traffic has risen nearly tenfold. However, last year its ro-ro freight traffic dipped for the first time ever. The number of commercial road haulage units fell by 5 per cent to 482,216 units and other ro-ro traffic (mainly unaccompanied trailers) fell by 38 per cent to 67,918 units.

The Dover Harbour Board points out that the actual tonnage of ro-ro cargo increased by a tenth which indicates that hauliers are using their vehicles more efficiently. However, there are growing signs that the tremendous growth in ro-ro traffic between the UK and the Continent is starting to taper off.

In the short term, the recession in the UK economy is the principal factor but Dover's ro-ro traffic continued to grow in previous recessions. 1980 may well have marked a watershed in the ro-ro freight market: the growth in the 1980s is likely to be far less spectacular than it was in the last decade.

By contrast Dover's tourist traffic continues to grow. Last year 11m passengers travelled through the port (an increase of a fifth) and accompanied car traffic rose by 15 per cent to 1.5m. This growth is the result of extensive price cutting by the main ferry operators.

DOVER'S RO-RO FREIGHT TRAFFIC
'000 units

	Lorries	Other ro-ro
1974	252	69
1975	282	79
1976	334	102
1977	406	117
1978	448	108
1979	507	109
1980	482	68

Source: Dover Harbour Board

Too many ships now that the boom is over

WITH THE benefit of hindsight, 1980 may well go down as a watershed in the history of container shipping. It marked the end of a decade of explosive growth and coincided with a further sharp rise in fuel prices.

Many of the first generation of container ships are coming to the end of their useful lives, some of the pioneers of the container revolution are slipping into the shadows and the major trades, which spearheaded the switch from break-bulk cargoes to containers, have reached maturity.

It is only 15 years ago that America's Sealand started it off by introducing converted container ships on its North Atlantic routes. Shortly afterwards, European shipping companies started combining in various container shipping consortia, such as Overseas Containers Ltd (OCL), Associated Container Transportation (ACT), and Atlantic Container Line (ACL).

These, and others, led the revolution in container shipping in the early years. The traditional European cargo liner routes out to the Far East and Australasia, as well as across the Atlantic, were obvious first candidates for containerisation.

The companies that were in at the beginning of the container revolution took a number of bold decisions which enabled them to dominate the industry in its early years. The argument was that by investing heavily in far fewer, but much more efficient, container ships they would be able to maintain their grip over their respective trades. The high cost of entry would act as a natural barrier to outsiders.

While there was some truth in this argument, the dominance of the early container ship operators is now much reduced. Indeed, in some cases there must be doubt about whether they will be capable, or willing to make the strategic investment decisions that will soon have to be taken to ensure their position over the next decade. A new breed of operator is moving to the centre of the stage.

Early pioneers of container shipping, such as Seatrain and Farrell Lines, have suffered severely from freight rate wars and have had to bow out of the Atlantic routes. Now that the Hong Kong-based C. Y. Tung group has bought the Bibby Line stake in Dart Containerline, and taken over Manchester Liners, British shipping companies are virtually unrepresented on the North Atlantic. The main exception is Cunard which has a one-fifth stake in Atlantic Container Line.

While OCL, Sealand, ACL, ACT and so forth, are still major forces in container shipping, they are now facing fierce competition from a host of non-traditional rivals. On the Atlantic, Australia's Trans Freight Lines and the Canadian-controlled Cast group, have shot to prominence over the last couple of years.

In the Far East, the Taiwanese Evergreen Line and Yangming Marine Transport Company are quickly becoming major forces in the container shipping world. Meanwhile C. Y. Tung's Orient Overseas Container Line (OOCL) is increasingly regarded as part of the establishment even though it is only eight years old.

"Outsiders" have challenged the dominance of the traditional shipping companies before, but there are signs that the competition from some of the current crop of "outsiders" is proving to be more substantial.

There have been a number of factors at work of which one of the most important has been the growth of the container-leasing companies. Sea Containers is probably the best known, but there are many

SEA CONTAINERS

WILLIAM HALL

others that have come to challenge the traditional role of the shipowning companies.

The importance of the leasing companies stems from the capital intensity of container shipping. As capital costs soared, established shipping companies turned first to their banks and then to the leasing companies for finance.

Nearly half of the world's 2.6m containers are now owned by leasing companies and with another \$60bn to \$90bn scheduled to be spent on boxes alone over the next 20 years, the leasing companies are going to become more, not less, important.

While the leasing companies provided finance for the established container shipping operators in the early stages, they also had no scruples about financing newcomers to the business. As a result, the high financial threshold, which was expected to bar outside competition, has in reality not proved a real obstacle to a determined operator. If anything, the easy access to leasing finance has increased the number of competitors.

The sharp rise in fuel prices has also substantially affected the container shipping market and provided newcomers with opportunities to carve out a niche for themselves by building more advanced and efficient tonnage. The effects of the recent increase in fuel prices have still to be fully understood but it seems as if it is already leading to a fundamental review of container ship thinking.

The early pioneers of containers believed that speed was all important, and container ships were designed to sail at over 30 knots. Their gas and steam turbines used a considerable amount of fuel but then was cheap. However, the era of cheap fuel has passed and steam turbine-powered container ships are now proving an expensive luxury.

According to Charles Hiltzheimer, chairman and chief executive of Sealand, the trend will be towards fewer, larger and slower vessels, with more emphasis on cargo cost per mile and the utilisation of capital assets.

Many of the newcomers to container shipping have learnt the lessons of the early years and do not have to inherit semi-obsolete fleets. On the other hand capital costs are rising, so that operators of older ships have an advantage because their financing charges are not as heavy. However, they are having to compete wtih newcomers that are often subsidised or have access to cheap finance.

The final reason why the established container shipping companies are becoming relatively less important is that as containerisation spreads to the developing countries, there is an increasing call for the participation of domestic shipping companies, many of which are state-owned.

Estimates vary about the size and growth of the container trades. However, one point everyone is agreed: despite the growth potential too many container ships are being built. Few companies are making the sort of returns on which they based their investment decisions of a decade ago.

In July 1980 Lloyd's Shipping Economist (LSE) estimated that 60 per cent of the deep sea general cargo liner trade had already been containerised. As a result the 15 per cent per annum growth over the period 1974 to 1978 was not going to be repeated. LSE forecast that growth will be a more modest 10 per cent per annum over the period to 1982, and even this is optimistic by comparison with Sealand forecasts, which put the growth of the potential container market at 4.5 per cent per annum during the coming decade.

The growth in new capacity is likely to outstrip the growth in the market and continue to depress owners' returns. LSE estimates that the world deep sea container fleet at the end of 1979 had a capacity of 1,055,000 twenty-foot equivalent units (teus). The capacity is scheduled to rise by a quarter in the period up to 1982.

THE WORLD'S LEADING CONTAINER PORTS
('000 teus*)

Port	1979
New York	1,800
Rotterdam	1,733
Kobe	1,304
Hong Kong	1,303
San Juan	802
Kaohsiung	777
Oakland	733
Singapore	698
Bremen/Bremerhaven	692
Seattle	669
Antwerp	666
Hamburg	637
Busan	632
Tokyo	580
Keelung	560
Melbourne	504
Jeddah	496
Le Havre	450
Hampton Roads	416
London	401
Total	15,863

* Twenty foot equivalent units handled by port.

Source: Containerisation International, December 1980.

THE TOP TEN CONTAINER ROUTES

Route	No. of Ships	Aggregate teu*
North America/Japan & Far East	240	244,573
Europe/North America	226	189,864
Europe/Japan & Far East	95	183,362
Europe/Mid-East	120	73,328
Europe/Australasia	58	61,636
North America/Austalasia	54	49,522
Austalasia/Japan & Far East	61	45,570
Europe/West Africa	69	33,775
U.S. Coastal, Hawaii & Puerto Rico	43	30,036
Europe/Scandinavia/Med (local)	80	29,585

* Twenty foot equivalent units

Source: Containerisation International, June 1980

THE GROWTH OF THE CONTAINER LESSORS
('000 teu)

	1972	1979	World market share %
CTI	57	250	9.6
Sea Containers	37	173	6.7
Itel	23	157	6.0
Uni-Flex	34	154	5.9
Interpool	29	121	4.7
Transamerica ICS	36	120	4.6
Xtra	10	73	2.8
Other lessors	42	235	9.0
Leased total	268	1,048	40.2
World total†	885	2,608	100.0

† Including owned boxes.

Source: Containerisation International, July 1980

POLITICS TODAY

Mrs. Thatcher: not really a Thatcherite

A GROUP of American Congressmen—mainly members of the House Budget Committee—was in London this week talking about the experience of Thatcherism and its relevance to the new Administration.

Most of them arrived sceptical. In U.S. Republican circles "thatcherised" is a term of abuse, meaning something like watered down, deviating from the original purpose, hoodwinked by officials and the establishment and generally mistaking rhetoric for reality. Mrs. Thatcher, it was thought, had not lived up to her earlier promise.

Yet most of the Congressmen went away thinking that although there were lessons to be learned from the failures and false starts so far, Thatcherism was beginning to work. Admittedly, their visit had its limitations. As one of them said at a final Press conference, not only did they not go out of London, they scarcely went out of their hotel. But they did talk to an awful lot of people. How is it that their impression was relatively rosy?

In the first place, it has to be accepted that a budget committee is not perhaps representative. Almost by definition, it is more concerned with controlling and cutting public expenditure than with increasing it. It is, therefore, likely to be in sympathy with what Mrs. Thatcher says that she is trying to do.

Another point was made by Congressman James Jones, the committee chairman. The U.S. elections last year, he claimed, had brought Republicans and Democrats closer together on budgetary questions. In Britain, after the 1979 election, there was much less of a consensus.

There are also important differences between the economic and constitutional situations in the two countries. President Reagan inherited an economy much less heavily subsidised than the British. The U.S. steel industry may be in a mess, but it is not State-owned. It is therefore not directly a government problem, as is BSC in Britain. As for the car industry, there is a comparison of a sort between State aid for Chrysler and for British Leyland, but the U.S. authorities are not yet in quite as deep; nor would the demise of Chrysler mean anything like the demise of the U.S. car industry. Indeed, some of the most interesting of the week's discussions were between the Congressmen themselves about how quickly Mr. Reagan should let Chrysler go.

Constitutionally, a U.S. President has rather less power in economic matters than a British Prime Minister. Congress, for example, could reject the proposed tax cuts. It is almost inconceivable that the British Parliament would reject one of Sir Geoffrey Howe's Budgets.

Still, there are sufficient similarities to make Anglo-American comparisons worthwhile. Certainly, both the Reagan team and the House Budget Committee seem to think that there is something to be learned from the British experiment.

There is no reason to believe that Mrs. Thatcher would dissent from the views that the Congressmen took away: she did, after all, brief the two leading members herself. On the debit side is the failure to cut public expenditure deep enough and early enough. The mistake has already been admitted by Sir Keith Joseph, the Industry Secretary, who has said in public that the Government thus lost its first year.

Nothing much is likely to be retrieved here this side of a general election because the Government has already gone to the limits of possible cutting while maintaining its manifesto pledges. For instance, it was not elected to reduce spending on the national health service. The Government also now needs all the money that it can get, merely to keep parts of British industry going.

The Americans seem to have drawn the lesson that they must cut at the start. They continue to believe in supply-side economics, under which tax cuts would be followed by a rise in activity because of greater incentives. Mrs. Thatcher's experience here has not deterred the Budget Committee.

On the credit side is the fact that the rate of inflation is now coming down very fast. This clearly impressed the Americans, some of whom, claimed along with Mrs. Thatcher, that it is now having its desired effect on expectations.

There were also one or two grey areas where one sensed that the Thatcherites and the Reaganites were seeking a consensus because economic theory alone did not provide an answer. One such area was capital spending. There is an argument going on within the British Government about how far investment in infrastructure—the electrification of the railways or the gas-gathering pipeline in the North Sea—should be exempt from general expenditure cuts. The Reaganites on the whole think that capital spending must be given priority.

Another grey area is unemployment and recession. The Budget Committee seems to maintain a remarkable, and not satisfactorily explained, optimism that it will be possible to put President Reagan's economic policies into effect without a perceptible increase in the number of people out of work. Yet at the same time they asked the stock question about Britain: at what level will unemployment in this country become socially explosive—3m or 3.5m people, or whatever? Nobody gave them the answer because nobody knows what the answer is.

The politician in Mrs. Thatcher has always been more dominant than the commitment to economic theory which conventional definitions of Thatcherism might suggest. As some of the U.S. Congressmen asked: Can you name any major British company which the Prime Minister has allowed to go to the wall?

On thinking about recession, perhaps because they have nearly two years of experience, the Thatcherites seem to be ahead of the Reaganites. The British Government is now at least aware that recession costs money, whether in falling tax revenues or in the obligation to support the unemployed. Mr. Nigel Lawson, Financial Secretary to the Treasury, has long pointed out that this recessionary factor should be taken account of in allowing the public sector borrowing requirement to rise: it might be quite different from the real long-term trend. There are signs that this view is beginning to prevail. Yet the Americans hardly seemed to acknowledge the need to cope with recession at all.

The other factor which the Americans have not had to face is the exchange rate. It is the rise of the pound that, along with unemployment, is doing more than anything else to give the Government concern. Indeed, the two go together. Suggestions that the high pound is threatening to destroy parts of British industry—and therefore jobs—are now taken seriously at the highest level.

Yet the most interesting question of all was hardly put. Members of the U.S. Committee arrived convinced that Mrs. Thatcher had deviated and left believing that she was not doing too badly. But the question that they never really asked was: how far is Mrs. Thatcher a Thatcherite?

It seems to me that if Thatcherism is defined as a commitment to a particular monetary theory, the answer is "almost not at all." The Prime Minister's commitment is almost entirely moral. It is also intensely British, or at least it represents one part of the British character. It is the approach of the hockey mistress rather than that of the economic theorist.

Some of Mrs. Thatcher's remarks about the economy in a recent interview support this view. "It's like a nurse looking after an ill patient. Which is the better nurse—the one who smothers the patient with sympathy and says: 'Never mind, dear. Just lie back. I'll look after you.' Or the one who says: 'Now, come on. Shake out of it. I know you had an operation yesterday. It's time you put your feet to the ground and took a few steps.' Which do you think is the better nurse?" (To which the only proper answer is: It depends on the state of the patient.)

The approach is also deeply political. Mrs. Thatcher is quite good at winning elections, as either Mr. Heath or Mr. Callaghan could testify. She wants to win another. Economic and industrial policy changed some months ago when it became clear that rising unemployment could seriously damage the prospects. The first real sign came last autumn when the Government offered all available state aid to save the Bowater plant at Ellesmere Port. As it happened, the package was turned down, so there was not too much publicity. But the same approach has been at work in the efforts to save the Talbot plant at Linwood. The Peugeot management could have had virtually everything it wanted, and more, in the way of government aid, if it had been prepared to produce a new model.

There is further evidence in the form of the new *ad hoc* Cabinet committees on export contracts. The Government will now go to almost any lengths in terms of aid and credits to help British companies win major contracts abroad, whether in Saudi Arabia, Romania or Morocco. If a contract is at risk, a Cabinet committee will be formed to promote it. The reason is the need to protect jobs, and to win the election.

That is, if you like, the famous U-turn, though my own view is that the politician in Mrs. Thatcher has always been more dominant than the commitment to economic theory which conventional definitions of Thatcherism might suggest. As some of the U.S. Congressmen asked: Can you name any major British company which the Prime Minister has allowed to go to the wall?

Some of the rationalisations have started to appear this week from the party heavyweights. Mr. Francis Pym, the new Leader of the House of Commons, said: "The simple truth is that, in the light of the deterioration in the world and domestic economic framework, we could neither press ahead regardless with our planned economic schedule, nor avoid some much-needed measures to deal with some of the distressing effects."

Lord Thorneycroft, the party chairman, no doubt alarmed by the imminent birth of the new Social Democrat Party, went further: "I have been in politics many years and I have tried or seen tried almost every known solution and none of them really works. Parties or politicians are influenced far more by experience, by character and by instinct than by theory. Margaret Thatcher, one of the bravest and most forthright of them all, owes far more to the small grocery store she knew in childhood while at Grantham than to the fashionable economic theories of the day."

In other words, the fight for survival is now on and no-one should be too squeamish about the rules.

Two reservations. The Prime Minister's use of the first person pronoun is becoming excessive. For instance, talking about performing in the House of Commons: "The adrenalin flows. They really come out fighting at me, and I fight back. I stand there and I know: 'Now come on Maggie, you are wholly on your own. No-one can help you.' And I love it." She talks the same way about her command of interest rates. And take the following quote from her interview in Time *magazine this* week. "So long as those fantastic SS20s in the Soviet Union are targeted on Europeans, so long must I have a deterrent to them."

The second reservation is related to the first. It is that the Prime Minister is not nearly as alone as she sometimes supposes. The problem is that Thatcherism has become confused with Mrs. Thatcher.

Malcolm Rutherford

Letters to the Editor

Exquisitely bad timing

From Councillor R. T. Graffey-Smith.

Sir,—The latest (February 9) of Mr. Robin Pauley's excellent commentaries on the emanations from the Department of the Environment, serves once more to illuminate the confusion in which the average ratepayer must now be. The 18 months' gestation of the Local Government Bill has produced a cat's cradle of Tapers, Slopes' multipliers and thresholds which, far from simplifying local government economics, has thrown members and finance officers into despair.

Constantly changing the rules while the game is in play makes life difficult. But the Department of the Environment exhibits an exquisitely bad sense of timing on each change. Apart from receiving consultation documents days after the deadlines required for comment, there has been a kaleidoscope of targets which local authorities are exhorted to reach with varying degrees of unspecific penalty for failure.

However reluctant local authorities may have seemed to be in pursuit of these targets, *most Conservative controlled* councils have bitten the bullet and made considerable savings in staff through greater efficiency. To achieve a zero increase in rates as Wiltshire has done in spite of inflation is no mean feat.

To jeopardise that achievement by imposing yet another standard so impossibly back dated as to be quite unrealistic is another example of bad timing. At a moment when the run up to county council elections is upon us, it must surely seem politically inept. Rightly or wrongly the Government have allowed the grant related expenditure to be trumpeted about as commensurate with the level of services a local authority ought to provide. It would be helpful if the Secretary of State would issue a moratorium on all further changes in local government standard targets until after the end of May.

(Cllr.) R. T. Graftey-Smith.
North Wiltshire District Council,
Members' Room,
Council Offices,
Monkton Park,
Chippenham, Wilts.

A starved workhorse

From the President, Confederation of British Road Passenger Transport

Sir,—The Central Transport Consultative Committee's call (February 11) for a transport policy to co-ordinate—not integrate—bus and rail operations is wholeheartedly supported by the bus industry. Unfortunately, it is true that funds are not available for this purpose and even minor efforts to improve passenger comfort and convenience are being hampered.

The committee referred to shelters for interchange passengers; yet, in Scotland, bus companies may be obliged to pay rates for this public facility—even when private water hydrants provided, in the public interest, for fire fighting are to be de-rated. The fact is that the bus industry cannot at present afford the suggested improvements but is all too well aware of the advantages to travellers.

The industry has lost more than 10 per cent of its regular passengers (income) due to unemployment. It is being given even less support under central and local government financial stringency, while some bus crews refuse to implement essential fares increases. It is further hindered by widespread illegal parking and the non-enforcement of the few bus priority schemes introduced in the public interest.

Such neglect ignores the fact that the bus carries many more passengers than rail over a greater distance on a vastly *superior route network.* Apart from the bicycle, the bus and coach are the most energy efficient forms of transport and the most economical users of *limited road space. Still, it* seems, funds are not available for bus investment and the Chancellor of the Exchequer has told us to expect still less *support.*

Yet, you report elsewhere that British Rail has Department of Transport encouragement to spend over £1bn (£775m at 1980 *prices) on an electrification* programme. In addition, the Secretary of State has, only recently, increased the limits on railway grants to £3bn. Even air transport—a growth industry—is benefiting to the extent of some £160m by way of cheap loans financed by the taxpayer. British Leyland is soon to receive a further £900m . . . and so it goes on.

*In all this the humble, every-*day workhorse, the bus, is faced with starvation because of a market-economy doctrine which is inappropriate to it. Even last year's Superpowers Summit recognised the need to invest in energy-efficient public transport—and the British Government chooses to support cars, planes and trains but not the economical bus. The public blames the busman for what is in truth the absence of Government policy, *a need rightly* noted by the CTCC.

Ronald A. Whittle.
Sardinia House,
52, Lincoln's Inn Fields, WC2.

Relations with the EEC

From Mr. T. Taylor MP.

Sir,—My colleague Hugh Dykes MP suggests (February 10) that the growing public disenchantment with Britain's present relationship with the EEC and with EEC policies stems from a lack of knowledge; and from the lack of publicity of the benefits of membership.

In fact there is a multitude of bodies which spend a great deal of time and resources promoting propaganda designed to increase the popularity of the EEC. Any change of opinion stems from those who are coping with the reality of EEC policies. The CBI has rightly expressed concern about the proliferation of costly and complicated harmonisation measures. The UNICE employers federation has rightly expressed concern about the ineffectiveness of the Brussels anti-dumping mechanisms which have replaced our national anti-dumping policies. And ever-widening numbers of economists and industrialists are expressing concern about the scale of UK contributions, about the inflationary effect of the common agriculture policy; and about the impact of the substantial deficit in manufacturing trade with the EEC which tends to be clouded by the nation's practice of importing Middle East oil and exporting our own to the EEC.

I believe that what is happening is not a reaction to a propaganda war, but a growing awareness of the facts. There is an urgent need for major reforms in the UK's relationship with the EEC and it will be a tragedy if the unique opportunity for reform created by the anticipated exhaustion of EEC funds is not taken full advantage of by Britain in the interests of its industry and its *population.*

Teddy Taylor,
House of Common, SW1.

Index-linked bonds

From Mr. D. Gilling-Smith

Sir,—Mr. Clayton (February 10) *commenting on my article of* February 7, falls into the same trap as most critics of index-linked bonds. The solution of index-linked bonds for private *pension plans should not add to* inflationary pressures. Rather the reverse. The case for index-linked bonds has been argued very cogently as a means of reducing Government borrowing costs. Index-linked bonds giving 3 per cent plus retail price index would contribute to the solution of two totally separate problems—inflation proofing of private sector pensions and the public sector borrowing requirement.

What Mr. Clayton and other critics of index-linked bonds overlook is the *uncertainty element in inflation.* Investors generally will accept a much lower rate of return if they can be sure that their capital repayments and annual income will be protected no matter what the annual rate of inflation, than if they have to cover themselves against the risk of negative rates of return. If inflation makes investment in UK Government paper a high risk proposition, then the Government has to pay the interest rates normally charged to a high risk borrower. *It is this that adds* to public sector expenditure and is inflationary. Furthermore, the guarantee of a real rate of 3 per cent would attract money *that is now being diverted into* what are called "alternative" investments, antiques, silver, etc.

Also, with the ending of UK *exchange control, institutional* investors now have a wider range of investment choices. If they can get a real rate of return of 3 per cent in Swiss franc *bonds (and the Swiss franc is* subject to a much lower inflation risk than sterling) they will increasingly abandon the UK gilt market. The Government *is benefiting at present from the* fact that since the ending of exchange controls we have had a rising £ and from the fact that that it takes time to fill a *"knowledge gap" and to de-*velop a fuller awareness amongst investors of the benefits of buying one's fixed interest securities in a currency with a *lower inflation risk than the £.*

A downward movement of the £ combined with increasing awareness of the overseas options available could quite rapidly alter the supply/demand position of funds available for Government borrowing, leading to a substantial increase in the interest rates which the Government would have to pay. In such a situation, the issue of indexed *bonds in the manner I described* in my article could have an even more dramatic effect in containing the cost of Government borrowing than is envisaged at *present by most of the pro-*ponents of such indexed bonds.

Dryden Gilling-Smith.
Employee Benefit Services,
38, Finsbury Square, EC2

Third London airport

From Mr. R. Castle.

Sir,—Contrary to the interpretation put upon the report of the British Airports Authority by the writer of your leading article (February 10) the need for this nation to establish yet another major airport within its territory has not been proved, and in fact never can be.

The report indicates, no doubt correctly, that there is a limit to the amount of air travel which can be provided for by *existing airports in the London* area. Once this limit has been reached any additional demand cannot be catered for except by imposing a monstrous develop*ment upon a large area of* country which until now has suffered only comparatively minor despoilation.

It would be difficult indeed to find people whose need (and here the word "need" is to be taken in its strict sense, and not merely as a synonym for "desire" or "want") for air transport is so great that the present charm of English towns and villages should be destroyed for the foreseeable future. A "need" to be so great as to justify this would have to be *the relief of physical depriva-*tion amounting to famine conditions affecting people counted in hundreds of thousands and which could only be alleviated by the proposed development.

R. A. Castle,
8 High Stile,
Dunmow, Essex.

Learning from experience

From Mr. W. Godley

Sir,—I did not (February 6) suggest that Professor Ball (February 10) had done anything shameful in drastically changing his views since 1973 when he strongly supported "near catastrophic" policies. My letter drew attention to his explanation as to why "some of us worry about the money supply after 25 years of silence" because this appeared, to refer an "us" that included himself.

Wynne Godley.
Department of Applied Economics,
University of Cambridge,
Sidgwick Avenue,
Cambridge.

For shame, sir

From Mr. R. Evans

Sir,—Fie Fie and tut tut, how much money would Frances Stuart be awarded today for defamation or slander in the article (February 7) by James Mackay on coins? Frances Stuart, Duchess of Richmond was Britannia but she was also probably the only woman Charles II was never able to seduce, much as he tried.

R. K. Evans.
7, Vyner Close,
Vyner Road South,
Noctorum, Birkenhead,
Merseyside.

Today's Events

GENERAL

UK: Mr. Philip Weekes, National Coal Board South Wales director, meets miners' leaders to discuss pit closures.

Electrical and Plumbing Trades Union leaders of hospital electricians meet to plan industrial action in support of pay claim.

Last day for applications for shares in British Aerospace.

Public rally in Omagh, Co. Tyrone, in support of Rev. Ian Paisley.

The Queen opens two millionth house built under National House-building Council protection scheme, Hampton, Middx.

Crufts Dog Show opens, Earls Court, SW5 (until February 14).

Folk Festival '81 opens, Royal Albert Hall, SW7, (until February 14).

Mr. John Lovell, Kent University, talks on the 1889 dock strike, Museum of London, EC2, 1.10 pm.

Overseas: European Commission takes final decisions on farm price policy, Brussels.

European Parliament session concludes, Luxembourg.

International Household Goods *Exhibition opens, Milan (until* February 17).

First test: England v. West Indies starts, Port of Spain.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

House of Lords: Wildlife and Countryside Bill, committee stage.

OFFICIAL STATISTICS

Retail price index for January. Tax and price index for January. Building societies' monthly figures for January. Index of industrial production for December—provisional.

COMPANY MEETINGS

Plaxtons (Scarborough), Royal Hotel, Scarborough, 2.30.

COMPANY RESULTS

Final dividends: Hirst and Mallinson. Pentland Investment Trust. St. Andrews Trust. Wagon Finance Corporation.

LUNCHTIME MUSIC, LONDON

Organ recital by Andrew Parmley, St. Paul's Cathedral, 12.30 pm.

Recital of contemporary works for guitars with other instruments and voices, directed by Gerald Lee. Guildhall School of Music and Drama, 1.10 pm.

Imps falls to £126.9m and lower so far this year

IN LINE with the mid-term warning that full year profits were unlikely to reach the previous year's level, **Imperial Group** has reported a *fall in* pre-tax surplus from a restated £142.29m to £126.89m for the 12 months ended October 31, 1980. The first-half result had shown a marginal £0.5m rise to £68.5m.

On the current year, Mr. Malcolm Anson, the chairman, says that in conditions largely unchanged from the second half *of last year, trading results for* the first three months were below the first quarter of 1979-80.

Immediate prospects for a material improvement in the trading environment are *not* encouraging either in the UK or in the U.S., he adds.

Group external sales rose from £3.62bn to £3.93bn for the year. Howard Johnson Company, whose results have been incorporated from June 17—the date of acquisition, contributed £107.5m to sales and £13.3m to pre-tax profits. Against this however, must be set the cost *of funding the acquisition during* this period, which amounted to £11.5m.

Unchanged final

The final dividend is being *held* at 4.5p net making an unchanged total for the year of 7.25p per 25p share.

Current cost accounts show a pre-tax profit of £83m, some 34 *per cent lower than the* historical figure. After tax, but excluding an ACT write-off of £14m attributable to 1979, the after-tax figure would be £51m.

Mr. Anson notes that the dividend is just covered in CCA terms but says "our objective must be to produce steady *growth in earnings per share* as measured by Current Cost Accounting."

Historical trading profits slipped by £1.8m to £141.3m, with the tobacco division contributing the bulk of £80.4m (£78.5m). Brewery profits rose from £38.6m to *£42.4m, but the foods* side suffered a marked fall of £14.2m to £10.3m, while the paper, *board and plastic* activities made a loss of £3.3m (£1.5m profit).

Share of associates' profits was £12.3m lower at £5m, but *£10.2m of this decline was* attributable to the sale in November, 1979 of the group's 50 per cent holding in Mardon Packaging International to BAT *Industries,* in exchange for unsecured loan stock.

The income from this stock yielded £14.8m during the year and led to a net rise in investment income of £13.9m to £33.5m. However, higher short-term interest *rates and average* borrowing levels in the group's existing businesses were the major reasons for increased interest charges of £52.9m *(£37.7m).*

Little impact

The funding of the Howard Johnson acquisition has temporarily pushed up short-term *borrowing levels, but has had* little real impact on interest costs because of the offsetting benefit derived from sales of Government securities.

	1979-80 £000	Restated 1978-79 £000
External sales	3,929,100	3,621,000
Tobacco	2,051,100	1,998,200
Paper, board, plastics	87,000	84,400
Food	1,172,000	1,081,700
Brewery	539,900	481,700
Howard Johnson*	107,500	—
Less inter-group sales	28,400	25,000
Depreciation	54,629	40,626
Trading surplus	141,300	143,100
Tobacco	80,400	78,507
Paper, board, plastics	†3,300	‡1,500
Food	10,300	14,200
Brewery	42,400	38,600
Howard Johnson*	11,600	—
Share of assocs. profits	5,011	17,303
Investment income	33,517	19,591
Interest charges	52,944	37,724
Profit before tax	126,894	142,291
Tax	46,058	13,228
Net profit	80,836	128,963
To minorities	276	478
Extraordinary credits	11,641	113,518
Attributable	92,201	242,004
Dividends	51,842	51,430
Retained	40,359	190,574

*From June 17, 1980 † Loss. ‡ Profit.

Tax *charge was significantly* higher at £46.1m (£13.3m). Tight control on stock levels led to a fall in UK stock relief from £22.1m to £4.5m, while ACT payments written off totalled £22.6m.

Extraordinary credits were £11.6m, compared with £113.5m *previously which reflected* £118.1m profit arising on the sale of the group's ordinary shareholding in BAT Industries. The 1979-80 figure benefited from *profit of £26.4m on the sale of* Mardon Packaging, £8.5m on the sale of the group's remaining holding in BAT and £6.7m on the renegotiation of trade mark rights between the group and BAT. Restructuring of the *group's activities, however, led* to a £36.3m provision for the cost of reorganisation and closure.

Earnings per share, excluding extraordinary items, were 17.7p (20p) before tax and 11.3p (18.1p) *after tax.*

In this year's accounts, the group has amended its policies *on foreign* currency translations and the definition and presentation of associated companies to accord with Exposure Drafts 27 and 25 respectively. Also, profits *from the sale of licensed properties* have been reclassified as exceptional rather than extraordinary items and now appear within the trading surplus. Comparatives have therefore been restated.

The tobacco division returned a *near-record profit despite* generally lower post-Budget sales and fierce price competition in the king size sector, particularly in the second half. The launches of John Player Special King Size in the south-east and of Vanguard King Size nationally were very *successful.* The company claims 11 per cent of the market for John Player Special.

The group's average market share in tobacco was 51.5 per cent, *against 54.5 per cent in the* previous year. At the low point it fell to 48 per cent, but has now returned to 54.5 per cent "*and rising,*" the chairman states.

There has been very substantial pre-Budget re-stocking, he adds and "we are able to sell *at full margins.*"

Although earnings from plastics did not quite match last year's, *these interests* performed well under severe economic pressure, Mr. Anson *states.* The paper side had mixed fortunes, but intense foreign competition in a depressed home market meant the division's overall result was determined *mainly by the £6m* loss at St. Anne's Board Mill in Bristol, which closed last *October.*

Weak demand

In the UK, the group's *chicken* and egg businesses endured very weak markets, but earnings *from U.S. chicken* interests improved notably. While weak demand in the institutional and catering sectors squeezed frozen food margins, there were *strong performances* among the non-poultry businesses.

The brewery division maintained its market share and increased profits in spite of *a 3 per* cent decline in the national consumption of beer. The result was *helped* by trading arrangements which succeeded the Harp Lager consortium. Profits from wine and spirits again improved despite slightly weaker demand.

The Howard Johnson performance is described as creditable in view of the effect of the U.S. recession and inflation on consumer spending, and on the restaurant and lodging industries generally.

The Board's belief that the book value of Howard Johnson's *assets substantially understated* their current value has been borne out by a professional valuation in the U.S. This shows that the current fair value of its assets on acquisition exceeded their book value by $205.6m (£91.5m) and that *£215.1m of the total purchase* price of £279.7m was represented by net tangible assets.

It is anticipated that the group will derive considerable cash benefits in the future by adopting these enhanced present values for U.S. tax purposes and claim*ing allowances thereon. Although* in the short term there will be a requirement to repay certain previously granted reliefs and credits for which provision has *already been made.*

Spending

Excluding Howard Johnson, the *current year's capital spending* is expected to be about the same as the 1979-80 figure of *£111.8m.*

The market value of listed investments held at October 31, 1980, was £119.4m, a net decline of £113m but the value of unlisted investments increased by £123.9m to £145.6m.

Loan capital stood at *£263m (£269.7m),* while short-term borrowings rose from £150.2m to *£309.5m. Shareholders'* funds amounted to £1.09bn, against £1.07bn.

See Lex

SAI declines but dividend is maintained

A FALL in the volume of fertiliser sales is given by **Scottish Agricultural Industries** as the major cause of a reduction *in profits in the 12 months* to end-December, 1980.

Despite a rise in turnover *overall from £88.87m to £92.1m,* profits at the pre-tax level fell back from £5.7m to £4.45m. A lower outturn had been predicted at the interim stage—the taxable *surplus* then being *£100,000* higher at £1.8m.

The total dividend, however, is being maintained at 14.75p net with a same again final of 9p.

The directors point out that in the second half farmers delayed ordering fertiliser and there was some destocking on farms.

They add that although selling prices were increased, these were largely absorbed by higher costs—particularly for employee remuneration, energy, local rates and other services—in spite of a vigorous cost containment programme throughout the *organisation.*

The surplus for the year was struck after depreciation of £1m (£1.1m) but was subject to tax *much lower* at £1.43m, compared with £2.6m.

There was a transfer from the Government grants account of £185,000 (£202,000) and an extraordinary credit *of £691,000* (nil). Retained profit came through at £2.65m (£2.07m).

On a CCA basis the historical pre-tax profit is reduced to £188,000.

Scottish Agricultural is a subsidiary of Imperial Chemical Industries.

● comment

The 22 per cent decline in SAI's pre-tax profits reflects lower demand for fertilisers from cash-starved Scottish farmers. The rise in turnover is *misleading* since it merely represents *the increase* in the price of grain which the company resells to brewers, maltsters and distillers. A further dampener on earnings is SAI's continued inability to *raise prices sufficiently to cover* its unit cost increases in the face of competition from cheap imports. With no sign of any upturn in demand for fertiliser SAI could well see *profits slide* further next year. Longer-term growth prospects are rather poor as high transport costs limit the geographical area SAI can profitably supply. At 168p, the shares stand on a p/e, fully-taxed *of 6.25 and an historic* yield of 13 per cent.

Worsening situation at Serck

The worldwide recession continues to affect all Serck's major businesses and in some sectors it has worsened in recent months, *Mr. R. G. Martin the chairman,* told the annual meeting.

He said demand for many of *the engineering group's* traditional products had therefore, remained very depressed and, as foreshadowed in his annual review, a poor half-year's result was *in prospect.*

The necessary steps to deal with both the short-term situation and its longer-term effects were being taken, he said. He was confident, however, that the *group would emerge in good* shape to meet the changed demands of the future.

In the year to September 30, 1980, Serck reported pre-tax profits up from £1.6m to £3.02m.

Unchanged profit satisfies Robt. Douglas

MAINTAINED HALF-YEAR profits are announced by **Robert M. Douglas Holdings,** and *for the full year the directors* are hopeful that the result will be comparable to the £3.27m pre-tax achieved in 1979-80.

"Our long-established policy of diversification, within trading areas of which we have sufficient knowledge and experience, is *sustaining the group in these* times of recession," says the chairman Mr. J. R. Douglas.

Results of the group, civil engineering and building contractor, for the half year ended *September 30, 1980,* are considered satisfactory in the conditions *prevailing* both at home and abroad—turnover rose from £47.4m to £52.8m and profits *before tax were £1.12m,* against £1.15m.

Mr. Douglas says the settlement of certain contracts, and improvement in profitability at site level, have contributed to successful trading by the construction division in the UK, though the *specialist contracting* side was less fortunate. The former will again benefit from a further contribution from Middle East operations in the second half. The RMD construction equipment and plant divisions have continued to operate profitably, and there was a better contribution from the materials supply.

For the half year earnings rose from 6.7p to 8p per share, and *the interim dividend* is held at 1.1p—total for 1979-80 was 4.5p.

● comment

Building contractor **Robert M. Douglas** is holding its own in very *difficult conditions. First* half profit was sustained largely because of the final settlement of two large UK public sector contracts, and the overdue final payment of a Middle East contract will help in the second half. The order book is slightly better than at *this time last year* —more than £20m in new UK contracts have been landed in *the last four months. But margins* are almost non-existent. The specialist paving, roofing and environmental businesses are in loss, partly because of unsettled accounts. *Hopes for the near* future rest on the improving Saudi market, the potential of *other foreign markets and a* recovery in the UK housebuilding business, which would ease com*petition in the general sector.* Cash resources have declined to about half the £3.9m in the last balance sheet but the financial position is still very strong and *assets are worth about 200p a* share. The shares fell ½p yesterday from the 1980-81 peak of *92p where the fully taxed p/e* is about 9 and the yield 7 per cent.

Hampson down mid-year

TAXABLE profits of **Hampson Industries,** the West Midlands *engineer and industrial cleaner,* fell from £321,410 to £217,000 in the half year to end-September, 1980, despite an improvement in sales of almost £500,000 to £8.37m.

The interim dividend is effectively maintained at 0.25p net—last year a total equal to 0.727p was paid from pre-tax profits of £705,653. At the time *of the 1-for-10 bonus issue last* year the directors hoped to maintain the half-time payment at last year's rate of 0.275p on the old capital.

However, in the company's first-ever interim statement Mr. John Wardle, the chairman, says that since that time there has been a radical change in the *economy and trading environment* of all engineering groups.

Nevertheless, he says he is pleased with the results at the interim stage and adds that barring a totally unforeseen deterioration in the present difficult trading conditions, he *expects to see a second half very* comparable with the first.

Tax for the six months took £112,840 (£167,133) leaving a net surplus of £104,160, compared *with £154,277, and stated earnings* per 5p share of 0.48p (0.72p).

S. Banks ahead in first half

TAXABLE PROFITS of grain merchant and seed specialist, **Sidney C. Banks** advanced from £569,000 to £693,000 for the six months to October 31, 1980, and Mr. J. P. U. Burr, the chairman, feels confident that full-year results will exceed those of last time. For the previous 11 *months period, a pre-tax surplus* of £867,000 was achieved.

First-half turnover rose from £26.55m to £32.1m, with cost of sales at £31.5m (£26.01m). The last cereal harvest produced record *crops in some parts of* the eastern counties and, although trade within the UK has been depressed, full advantage has been taken of the export *opportunities that have* arisen.

After tax of £242,000 (£228,000) *earnings per 25p* share improved from 11.22p to 14.89p. The interim dividend is stepped up to 3p net, against 1.75p last time which was followed by a final *of 3.5p.*

Trading surplus for six months was *£48,000* higher at £592,000.

£4.3m CCA loss for Rank after closure costs

With the depressed level of economic activity coupled with strong competitive pressures the *Rank Organisation must seek* every opportunity to improve its market share, to reduce costs and improve operating efficiency, Mr. Harry Smith, the chairman, tells shareholders in his annual report.

These matters are receiving constant attention throughout the group and notable progress has been achieved, the chairman adds.

He says the group's invest*ment in Rank Xerox* (a leading supplier of office equipment), which has been such a major factor in the group's profitability and growth, will continue to *represent its most important* single investment.

The chairman points out that there *seems* little doubt that the growth prospects of this sector of the market over the next 10 years are outstandingly good and with many new products and *technologies under development.* He has every confidence that Rank Xerox will continue to perform well in this climate of *change and innovation.*

As announced on January 23, profits of the Rank Organisation *were lower in the year to* October 31, 1980, the pre-tax figure slipping from £131.19m to £111.24m. However, the chairman has confidently predicted an *improvement in trading profits* for the current year.

On a CCA basis the taxable surplus is reduced to £70.3m and after extraordinary losses, principally due to the closure of *the group's television and audio* businesses, there is a loss on current cost terms of £4.3m, compared with an historic attributable profit of £37.03m.

At year end, ordinary shareholders' funds were £512.93m (£468.52m) with cash and bank balances showing a rise from £8.24m to £10.64m. Loan capital and borrowed money totalled *£150.58m (£163.82m).*

Centrovincial increase

THE EFFECT of practically breaking even on its overseas *operations has enabled Centrovincial Estates* to raise its profit before tax from £517,000 to £621,000 in the half year ended September 30, 1980. All the group's properties in Australia, *South Africa and Spain are now* fully let.

Net property income, before interest and tax, was £226,000 higher at £1.76m, and the full year figure is expected to show an increase of some 10 per cent over the *£3.33m* achieved in 1979-80.

The pre-tax revenue was *struck after charging interest of* £1.16m (£1.02m) and taking in dealing profits of £19,000 (nil). The loss overseas was reduced substantially from £125,000 to *£8,000.*

The interim dividend is stepped up from 1p to 1.33p net. *Total for the previous year was* 2p paid from a pre-tax profit of £1.35m.

SPAIN

February 12	Price %	+ or —
Banco Bilbao	290	+5
Banco Central	333	+4
Banco Exterior	280	+4
Banco Hispano	273	+4
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	344	+6
Banco Urquijo	183	+3
Banco Vizcaya	316	+4
Banco Zaragoza	233	
Dragados	119	+3
Espanola Zinc	53	+2
Fecsa	58.2	+0.2
Gal. Preciados	35	+1
Hidrola	65.2	+0.2
Iberduero	55.7	+0.2
Petroleos	92.7	+1.5
Petroliber	70	−5
Sogefisa	102	
Telefonica	60.5	−0.5
Union Elect.	65.2	+0.5

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Sidney C. Banks int.	2	April 9	1.75	—	5.25‡
Cardinal Invest. Trust	2.85	April 1	2.55	4.5	4.38§
Centrovincial Ests. int.	1.33	April 10	1	—	2
Wm. Cook int.	0.3	April 9	0.6	—	1.3
Robt. Douglas int.	1.1	April 8	1.1	—	4.5
Dowty int.	2.2	March 31	2	—	4.5
Drayton Commercial	5	April 3	4.69	7	6
Drayton Far Eastern	0.84	April 3	0.73	1.24	1.13
General Funds Invest.	5.25	April 9	4.6	7.75	6.9
Guildhall Property int.	0.75	April 1	0.75	—	4.65
Hampson Ind. int.	0.25	March 12	0.25*	—	0.73*
Imperial Group	4.5	April 1	4.5	7.25	7.25
Kinta Kellas Rbr. int.	1.5	April 1	1.5	—	5
Lancs. & London Inv.	2.63	March 31	2.2	2.63	2.2
Malaysia Rubber int.	1	April 1	1	—	3.5
Palabora Mining	25**	March 25	50	110	125
Wm. Ransom int.	1.5	April 8	1.43	—	5.6
River and Mercantile	10	March 27	8	15	12.5
River Plate and Genl.	8	March 27	7	10.5	9
Scottish Agricultural	9	April 3	9	14.75	14.75
Charles Sharpe int.	4.12	April 29	4.12	—	27.5
Thermal Syndicate	4	—	4	7	7
Tribune Invest.	1.9	April 9	1.4	2.7	2.05

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 11 months. § Including non-recurring 0.33p. ¶ Excluding special 0.86p. ‖ Excluding non-recurring 0.25p. ** *South African cents throughout.*

BANK RETURN

BANKING DEPARTMENT

	Wednesday February 11 1981 £	Increase (+) or Decrease (—) for week £
Liabilities		
Capital	14,553,000	—
Public Deposits	28,165,214	— 6,235,266
Bankers Deposits	672,379,393	+ 51,924,015
Reserve & other Accounts	1,362,528,747	+ 45,605,888
	2,077,626,355	+ 91,292,637
Assets		
Government Securities	736,390,856	+ 116,505,000
Advances & other Accounts	806,724,769	— 12,919,743
Premises Equipment & other Secs.	523,926,910	— 13,052,364
Notes	10,425,330	+ 778,572
Coin	258,591	— 18,628
	2,077,626,356	+ 91,292,637

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	10,175,000,000	—
In Circulation	10,164,574,670	— 778,572
In Banking Department	10,425,330	+ 778,572
Assets		
Government Debt	11,015,100	—
Other Government Securities	6,620,897,362	— 329,903,378
Other Securities	3,543,087,538	+ 329,902,378
	10,175,000,000	—

UK COMPANY NEWS

Dowty pushes higher at midway

ON TURNOVER ahead from £149.27m to £160.27m and slightly improved margins, taxable profits of Dowty Group for the six months to September 30, 1980 rose by £1.66m to £19.05m. However, Mr. Robert Hunt, chairman, reiterates his forecast that full year results are unlikely to be very much higher than last year's when turnover totalled £314.55m and profits £37.9m.

He points out that the overall first half achievement lagged behind the second half of last year, adding that against a background of worldwide recession the outlook remains uncertain for the group's mining and industrial divisions.

Government cash limits are already severely restricting National Coal Board re-equipment, and orders for industrial hydraulics and seals are at a low level, involving reduced manning and some short-time working.

Nevertheless, as predicted earlier, the aerospace and defence and electronic divisions are continuing to improve and their prospects are encouraging.

Capital expenditure on new facilities and modernisation of equipment continues at a high level and is within the existing resources of the group.

In order to show a more meaningful trend of earnings per 50p share, tax for the comparative half year has been adjusted to reflect the effective rates for the full year. Therefore, the tax charge for the six months under review stands at £4.94m against £1.57m and earnings are down from 11.7p to 10.5p per share. The net interim dividend is stepped up from 2p to 2.2p—last year's final being 2.5p.

First half trading profits advanced from £17.07m to £18.91m, share of associates fell to £54,000 (£169,000) and interest was lower at £87,000 (£157,000). The interim dividend absorbed £2.97m (£2.7m) and £11.15m (£13.13m) is retained.

A divisional breakdown of turnover and trading profits shows; aerospace and defence £61.34m (£43.94m) and £10.72m (£6.49m); mining £69.34m (£77.46m) and £5.65m (£8.53m); industrial £17.14m (£16.9m) and £1.13m (£0.96m); electronics £12.45m (£10.97m) and £1.41m (£1.09m).

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals:

TODAY

Interims: Elbief, Watshams.

Finals: Colonial Securities Trust, Hirst and Mallinson, Pentland Investment Trust, St. Andrew Trust, Wagon Finance.

FUTURE DATES

Interims—

Staffordshire Potteries	Mar. 5
United Real Property Trust	Feb. 18

Finals—

Barclays Bank	Mar. 5
Barton and Sons	Apr. 21
Cadbury Schweppes	Mar. 19
Meldrum Investment Trust	Feb. 17
Sharpe and Fisher	Mar. 19

Cost control keeps Thermal stationary

WITH pre-tax profits remaining virtually unchanged at £1.4m compared with £1.38m, as forecast, Mr. J. E. Bywater, chairman of Thermal Syndicate, says this has been achieved due to actions taken to ensure that the unfavourable economic and trading climate has been partly offset by control of costs and other financial actions.

He says the concentration on quality and service to customers is also believed to have resulted in the maintenance of the company's market share both in Britain and elsewhere.

Group turnover in the year to October 31, 1980, rose by £2.4m to £15.04m.

Mr. Bywater adds: "The economic conditions have worsened in the current year, but no action has been taken if it was considered contrary to the company's long-term interests and, indeed, we are increasing the scale of those research and development programmes which are vital to our future."

He says the parent company has suffered in the past few months from reduced order intake, and it would be unrealistic to attempt to quantify the company's likely profit performance for the year to October 31, 1981.

There are indications, he adds, that the first half of the year will be less satisfactory than the second.

After tax considerably lower at £236,000 (£477,000), stated earnings per 25p share have improved 29.4 per cent from 16.93p to 21.91p. The final dividend is unchanged at 4p for a same-again total of 7p. Dividends absorb £373,000.

Profits retained emerge at £792,000 compared with £527,000.

• comment

The fortunes of Thermal Syndicate would appear to be taking a turn for the worse in the short-term. The track record is patchy at best and by the end of this year profits should resemble those of 1975 again (when Thermal made £951,000 pre-tax). Last year's second half witnessed a 28 per cent fall in profits, in stark contrast to its 54 per cent rise at the half-way stage. The recession is now beginning to hit Thermal some six months after the rest of British industry. Sales to consumer durable manufacturers suffered a 40 per cent volume drop last year and profits must have been well down; the business accounts for a fifth of group turnover. "Know-how" technology contracts in Eastern Europe have now dried up and the company says no more are immediately in sight. The new Texas refractory business kicked in around £425,000 in turnover and total U.S. operations may have been worth £½m in profit terms. The group is certainly not in trouble—it quadrupled borrowings, for example, still don't make much of a dent in the balance sheet. But current year profits could fall below the £1m mark, suggesting a p/e of 11.2. The yield on a maintained 7p net dividend is 10 per cent at 103p, down 1½p yesterday.

Wm. Ransom dips but tops up its interim

TAXABLE PROFITS of William Ransom and Son, the Hertfordshire-based manufacturing chemist, fell from £230,000 to £158,000 in the half year to September 30, 1980, although sales showed a marginal rise to £1.34m, compared with £1.19m.

The interim dividend is being stepped up from 1.427p to 1.5p.

Commenting on the interim results Mr. M. H. Ransom, the chairman, states that the first two months, April and May, were extremely difficult and the company received a low level of orders both from home and foreign customers. However, he says conditions improved in each of the following four months and at present, demand is fluctuating.

Although it is not easy to forecast what will happen between now and end of financial year, Mr. Ransom expects that second-half profits will show an improvement over those for the first half.

After a lower tax charge for the half year of £82,160 (£119,600) stated earnings per 10p share were 5.07p (7.38p).

William Cook setback and payment halved

IN ORDER to adapt to prevailing circumstances, manufacturer of steel castings William Cook and Sons (Sheffield) has made substantial redundancies, and further cutbacks in manpower may still become necessary.

"Good financial housekeeping," has enabled the company, so far, to balance its books without aid from bankers.

The company has suffered a severe setback in its results for the six months ended September 30, 1980, and further considerable deterioration in trade since. "And it would be quite unrealistic to entertain any hopes of a marked upturn in order books before the financial year-end on March 31," says the chairman Mr. A. Mct. Cook.

The interim dividend is halved to 0.8p net per share, and it is "most unlikely" that a final will be paid.

In the half-year, turnover moved ahead slightly from £2.25m to £2.42m but the profit before tax fell from £289,313 to £145,757. And the current six months are likely to show a substantial trading loss, the chairman warns.

After tax £75,794 (£150,443), net profit for the first half came out at £69,963 (£138,870) for earnings of 1.4p (2.78p). In the previous full year the company made a profit of £627,000 and paid a total dividend of 1.3p.

Berni Inns slips £0.58m

Pre-tax profits of Berni Inns, a member of the Grand Metropolitan group, fell by £584,195 to £9.23m in the year to September 30, 1980. Turnover rose from £94.65m to £99.75m.

Tax charged was down from £4.35m to £3.67m. Dividends absorb £2.35m, compared with £2.54m.

ICI BONDS

Imperial Chemical Industries announces that holders of a further 23 of its $1,000 6¾ per cent convertible guaranteed bonds, due 1997, have exercised their right to convert into ordinary stock. The number of bonds outstanding is 29,035.

Guildhall Property rises at six months

A RISE from £491,680 to £569,000 in pre-tax profits is reported by Guildhall Property Company for the half-year to December 31, 1980. Gross income rose from £571,970 to £592,300.

The Board anticipates that the full year's results will show an improvement over the £900,831 achieved in the previous 12 months.

Tax charged was up from £248,400 to £256,300.

The interim dividend is unchanged at 0.75p, and the Board expects to make a small increase in the final dividend—last year's total was 4.65p.

Parambe extends art interests

Parambe has decided to develop the business of collecting and dealing in works of art by appointing expert advisers and forming a new subsidiary.

At December 31 last the amount invested in works of art was £57,077 representing a portfolio of old master drawings, but it is too soon to assess potential.

In the last quarter of 1980 the activities of the share dealing subsidiary were extended into the art market.

DHAMAI HLDGS.

In their interim report the directors of Dhamai Holdings state it has not been possible to obtain remittance of *any part of* the company's funds in Bangladesh.

The preference dividend will be paid on June 1 but the question of an ordinary payment must wait until the 1980 accounts are completed. For the last three years the ordinary dividend has been 4p.

INVESTMENT TRUSTS

Drayton Commercial earns and pays more

An increase of £632,000 to £3.41m in revenue before tax for the year 1980 is announced by Drayton Commercial Investment.

The dividend is raised 1p to 7p per share, with a final of 5p.

After tax of £1.32m (£1.04m) net profit came out at £2.09m, compared with £1.73m, and £222,511 (£226,066) is retained.

At the year end net asset value amounted to 215½p (166½p).

LANCS AND LONDON

Pre-tax incomes of Lancashire and London Investment Trust advanced from £141,305 to £175,328 for 1980. Tax took £62,009, against £49,984, giving a net figure up from £91,321 to £113,319.

The dividend is stepped up from 2.2p to 2.625p net per 25p share.

At the year-end, net asset value per share was 37.2p higher at 97.2p.

GENERAL FUNDS

For the year ended January 15, 1981, General Funds Investment Trust is raising its dividend from 6.9p to 7.75p net, the final being 5.25p.

Net taxed revenue was up from £419,887 to £520,851. From this is deducted the cost of the preference dividend £5,250 and of the ordinary £483,765 (£414,363).

At January 15 net assets were shown at £30.1m (£24.7m), equal to 354.35p (263.55p) per ordinary share ex dividend, and 318.92p (231.92p) per convertible ordinary ex dividend.

DRAYTON FAR EASTERN TRUST

Pre-tax revenue of Drayton Far Eastern Trust improved from £318,623 to £467,743 in the year to December 31, 1980. Tax charged was up from £157,857 to £237,905, leaving net profits up from £160,766 to £229,838.

The final dividend is raised from 0.725p to 0.8375p for a total of 1.2375p (1.125p). Net asset value per 25p share is 79p (52p).

TRIBUNE TRUST

From earnings of 3.45p, against 3.01p, Tribune Investment Trust is stepping up its dividend to 2.7p for the 1980, with a final of 1.9p. Last year's payment was 2.05p and there was also a non-recurring 0.28p.

Revenue rose from £1.27m to £1.45m, subject to tax of £571,395 (£540,178).

Net asset value per share at the year end came to 123.9p (93p).

RIVER PLATE AND GENERAL

River Plate and General Investment Trust is increasing its dividend by 1.5p to 10.5p net for the year 1980. The final is 8p. Also proposed is 1-for-1 scrip issue.

Gross income for the year rose from £1.35m to nearly £1.5m. After tax £443,266 (£352,876) net revenue came out at £873,240, compared with £784,334. Earnings were 11.05p (9.91p) per share.

At the end of 1980 net asset value per share stood at 298.12p, against 221.69p a year earlier.

RIVER AND MERCANTILE

For the year 1980 pre-tax revenue of River and Mercantile Trust has increased from £2.49m to £2.93m. The final dividend is 10p for a net total of 15p, compared with 12p previously plus a special payment of 0.86p.

After tax £1m (£796,609) net revenue was £1.93m (£1.7m), and earnings came to 15.64p (13.73p). There is also to be a scrip issue of 1-for-1.

Net asset value at the year end stood at 305.86p (240.87p).

CARDINAL

After a higher tax charge of £422,939, compared with £384,967, revenue of the Cardinal Investment Trust improved from £673,339 to £738,354.

The total dividend is being increased to 4.5p net (4.38p including a special non-recurring payment of 0.33p) with a final of 2.85p (2.55p).

Gross revenue was marginally ahead at £1.62m (£1.51m) and after management expenses and interest charges of £460,741 (452,045) the pre-tax figure came through at £1.16m (£1.06m).

Stated earnings per 25p deferred share for the year were 4.9p (4.65p) and net asset value (assuming full conversion of convertible loan stock) was 183.5p (129.4p) prior charges at par and 187.5p (133.7p) prior charges at market value.

Valuation of investments at year-end showed a rise from £22.29m to £29.69m.

MINING NEWS

CRA warns on 1981 outlook

BY KENNETH MARSTON, MINING EDITOR

ANNOUNCING a 30 per cent rise in 1980 earnings and an increased dividend CRA, the Rio Tinto-Zinc group's 61.1 per cent-owned major Australian arm warns of less buoyant conditions this year. The contraction in earnings which was evident in the second half of 1980, it is stated, is expected to continue in the first half of this year and possibly longer.

CRA points out that while metal demand and prices have weakened, costs are rising sharply, notably in regard to fuel oil, wages and interests rates. Furthermore, the Australian Government policy of revaluing the country's dollar against that of the U.S. is "adding materially to the difficulties of the Australian export sector."

Earnings last year rose to A$175.2m (£87.4m), or 43 cents per share, from A$135.3m. In addition, there were extraordinary items totalling A$18m which reflected a A$13.5m gain on the sale of AAR shares and the inclusion of earnings for the six months to end-1979 of Kembla Coal and Coke which became a subsidiary of CRA in April last year.

A final dividend of 10 cents (5p) is declared on the capital increased by last September's rights issue and it follows an interim of 9 cents. The total for 1979 was 15 cents on the smaller capital.

Last year's higher earnings reflected improved metal prices, particularly in the first half, an increased contribution from Hamersley Holdings — CRA's stake in the iron giant was raised to 82.3 per cent from 54 per cent in August 1979—and the benefits of full ownership of Kembla Coal and Coke.

On the other hand CRA interests to earn less included the big Bougainville copper-gold mine, Mary Kathleen Uranium and the Australian Mining and Smelting lead-zinc complex which was hit by lower lead prices and rising costs.

CRA says that if the prices of metals and exchange rates were to stay at around current levels this year its earnings performance would be "substantially below the 1980 results." But, looking on the bright side, the group adds that its exploration programme and new investment opportunities, notably in aluminium, coal and diamonds, "augur well for the future."

The shares were 10p down at 232p in London yesterday.

Gold price lifts profit at RTMZ

THE HIGHER average gold price last year helped Rio Tinto Mining (Zimbabwe) to lift pre-tax profits by 55 per cent to Z$7.77m (£5m) for 1980, and the company is to pay a second interim dividend of 7 cents to make a total of 16 cents. This compares with a total of 18 cents for 1979. RTMZ forecast a reduced payment at the halfway stage of the year.

At the net level, profits were just 8 per cent higher at Z$4.88m, as the group had used up all available tax losses in 1979 and therefore paid tax of almost Z$3m, seven times as much as in 1979, reports Tony Hawkins from Salisbury.

Profits from gold operations accounted for almost 90 per cent of the pre-tax figure, but the contribution from the Empress nickel mine was disappointing. RTMZ last year moved to take full control of both Empress and Riotrust, and the shares issued *in connection with the takeovers* reduced the holding of London's Rio Tinto-Zinc in RTMZ to 56 per cent.

The brightest feature of RTMZ's results was the performance of the industrial arm, Tinto Industries, where sales rose by 67 per cent and net profits were up more than five-fold to Z$563,000.

The directors of Tinto Industries said yesterday that the current year had started well, with good order levels for the foundry and trailer division in particular.

Prospects for a further increase in profits are good, but they are likely to be affected by increasing shortages of skilled personnel, restricted allocations of foreign currency for imports and rapidly rising costs.

Copper find in Malaysia

A LARGE COPPER deposit has been discovered in the Pekan district of Pahang State in Malaysia, reports Wong Sulong from Kuala Lumpur. The discovery was made by the Malaysian Geological Department, and a preliminary survey showed the deposit to be much larger than the Mamut find in the East Malaysian state of Sabah.

The Mamut mines, which have been operated by the Japanese concern Overseas Mineral Resources Development since 1970 under a 15-year lease, are known to contain more than 180m tonnes of ore grading 0.5 per cent copper, low by international standards.

The Geological Department said that the copper content of the new deposit in Pekan is "of good grade, higher than the Mamut ore." The Department is confident that the deposit would be commercially viable, but stressed that more survey work has to be done.

Meanwhile, Datuk Paul Leong, the primary industries minister, has announced that the Fourth Malaysia Plan, covering the years 1981 to 1985, will provide for increased activity in mineral exploration.

The Geological Department is to receive M$39m (£5.7m) under the Plan, compared with just M$10m under the Third Plan.

Datuk Leong said he was confident that the central mountain belt running through the Malaysian peninsula, where much of the survey work has been concentrated, contains encouraging deposits of tin, copper, lead, zinc and gold.

AGNICO-EAGLE'S GOLD OUTLOOK

Canada's gold and silver-producing Agnico-Eagle Mines expects that its gold output will remain at around an annual rate of 60,000 ounces for the next few years. But Mr. Paul Penna, the chairman, says that silver production from the three Cobalt, Ontario, mines, should rise to at least 600,000 ounces from about 400,000 ounces in 1980.

By 1985, Mr. Penna sees the ore milling rate at the Eagle gold mine in Quebec rising to 2,000 tons per day which would mean an increase in gold output *of 20 to 25 per cent.*

Agnico-Eagle's major capital projects include a C$10m (£3.6m) new main production shaft and underground development at the Telbel portion of the Eagle property, expansion of milling facilities and also expansion of the mill at the silver division.

Brokers launch 'tea-time raid' on F. Pratt

BROKERS Capel-Cure Myers launched a "tea-time raid" on the shares of F. Pratt Engineering yesterday to acquire a 14.9 per cent stake for an unnamed "corporate client" at 85p a share.

F. Pratt shares, which gained 22p to 65p two weeks ago on better-than-expected results, rose 20p to 90p by the close last night and jobbers doubted that the raid had achieved its objective.

In a statement, F. Pratt advised shareholders to take no action until full information was available.

F. Pratt also revealed that "unsolicited approaches have been made to the board by parties who have expressed interest in acquiring Hamblin and Wingate."

The group acquired Hamblin and Wingate, an optical and medical products company, last July and its sharply-improved earnings were the reason for the unexpected 18 per cent rise in Pratt's overall profit for the year ended last October 30.

The Pratt statement said that despite its desire to retain Hamblin and Wingate, "the board is entertaining these approaches. The discussions relate only to Hamblin and are at a very preliminary stage."

Capel-Cure would not comment on whether its corporate client might be interested in acquiring further shares or making a full bid for F. Pratt in the event that it succeeds in buying 14.9 per cent.

Morgan Grenfell, which is acting for F. Pratt, said it did not know if the raider was one of the parties that has approached the company. Nor is it known how long ago the approaches were made.

Although Pratt shares are very thinly traded, the rise in the share price above the Capel-Cure bid suggests some competitive bidding, but Morgan Grenfell denied that either it or F. Pratt directors were buying shares.

Pratt's pre-tax profit of £992,000 in 1980 included a £132,000 contribution from Hamblin and Wingate in the slightly more than three months in which it was consolidated.

Pratt's market capitalisation at 90p is £4.86m.

Substantial shareholders in Pratt include the president, Mr. A. M. G. Galliers-Pratt, who holds 7.8 per cent, Norwich Union Insurance Group, 7.9 per cent, and Prudential Assurance Co., 6.1 per cent.

Hanson sells CMT stake at a loss

Hanson Trust yesterday sold its 13.3 per cent stake in Central Manufacturing and Trading to the rival bidder, Caparo Group, for slightly over £1.9m. This brings Caparo's holding to 9.2m shares, or 34.8 per cent of the CMT equity.

Hanson's shares were sold at Caparo's 55p bid price. The 3.5m shares were acquired in June 1979 at 85p, so Hanson is taking a loss of 30p a share.

Hanson's offer, which has attracted only 250,943 acceptances since it opened on December 15, will lapse today. The acceptances will be returned to CMT shareholders as soon as possible.

Hanson reaffirmed yesterday that it considered its own bid of 49p represented the right price for it to pay for CMT. "We will watch, but only from the sidelines" said Mr. Martin Taylor, a Hanson director.

Caparo's offer, worth £14.5m, will now be conditional on the acquisition of more than 50 per cent of the voting shares in CMT by Caparo or persons acting in concert with Caparo (previously, Caparo was stated to be acting alone).

Kleinwort Benson, the merchant bank acting for Caparo, states that it is satisfied that sufficient resources are available to Caparo to meet full acceptance of the offer.

TYZACK WM. COOPER

Tyzack has acquired William Cooper (Hand Tools), a Sheffield company carrying on business as manufacturer of high quality paint scrapers and decorators' tools.

POLYVEND

Polyvend has acquired the Barton Group of companies, comprising Barvend and Barton Vending Services, in a cash purchase transaction completed early this month.

SHARE STAKES

Uniflex Holdings — Hillsdown Holdings has acquired 128,001 ordinary shares.

Combined English Stores — Union Insurance Group and associates now hold 2,619,960 shares (5.40 per cent).

Second City Properties—Control Securities acquired a further 25,000 ordinary shares increasing holding to 1,584,500 (10.51 per cent).

Andrew Fisher takes a look at the strong build-up of investment by the KIO in the United Kingdom

Touch of tartan and a heavy bias towards the City

IN AN anonymous grey building at the top of London's Cheapside, across the road from St. Paul's Cathedral, sit the managers of one of the largest investment portfolios in the UK.

Four floors above Silvios Coffee House and the Manmaster clothing shop, the Kuwait Investment Office plans the share-buying forays which have left it with sizeable stakes in a host of British companies.

This week alone, as the accompanying table shows, the KIO has given notification of purchases totalling nearly £4m. Since company law does not require disclosure of holdings under 5 per cent, there are undoubtedly numerous other interests which have not been announced.

The KIO conducts its operations with an almost impenetrable secrecy. Charged by the Kuwaiti government with the task of investing part of the country's huge oil revenues, it has steadily built up a diverse, though heavily finance-oriented, portfolio while strictly eschewing any role in management.

Along with shares in the major insurance companies, the KIO has also concentrated on property and investment trusts, reflecting its view of the City as a "success story" and of British industry as perhaps less of a safe long-term bet. Kuwait appears more sanguine about industrial prospects in West Germany and Japan, where it has moved heavily into engineering and electronics companies.

Possibly reflecting the Scottish background of two of its key investment managers, Mr. Bruce Dawson and Mr. David Buchanan, the KIO's holdings often have a definite tinge of tartan.

The actual head of the KIO is a member of Kuwait's royal family, Sheikh Faid al-Sabah, who has lived in the UK for some years. Mr. Dawson is known to have a penchant for golf and the KIO people are regular users of the Savoy Hotel in which it has a major stake.

The scale of the KIO's activities lifts it right out of the usual institutional league. With net external assets of the OPEC countries likely to top $400bn (£170bn) by the end of 1981, the share purchasing power of Kuwait and its neighbours is enormous.

According to Morgan Guaranty Trust of New York, two-thirds of these assets (public and private) would be held by Saudi Arabia, Kuwait, and Abu Dhabi. As well as its UK holdings, Kuwait has major interests in the U.S. and Germany.

Enquiries to the KIO are met with polite but unyielding refusals to comment. As an arm of the Kuwaiti government, its employees are instructed not to discuss KIO policy.

The KIO's dealings with the various companies in which it holds shares—a brief and incomplete list can be seen here—are invariably at arm's length, involving a minimum of contact with the actual management.

"They've been the most perfect shareholders," said Mr. Giles Shepard, the Savoy's managing director. "I feel that they're people who have invested because they think there is a future rather than seeing the Savoy as a property gamble."

Sir Charles Forte, chairman of Trusthouse Forte in which KIO's stake has just crept back over the 5 per cent mark, is also content to have the Kuwaitis as shareholders.

"I'm as happy with the Kuwaiti people as any investor. I don't consider their investment constitutes any sort of danger," he commented. His contacts with the KIO have, however, been more of a social than of a business nature.

Some companies seem slightly put out that the KIO declines to discuss its investment with them. "We stand ready to meet and talk at any time," said Mr. William Randall, managing director of the Chubb security company. But the KIO has made it clear that it prefers the passive role of an institutional investor.

The KIO has also kept is distance at Muirhead, the electrical company. A year ago it sold its stake, but has since bought back in. "They've never filled in a proxy card, never phoned us up, and never appeared in any guise, shape or form except as shareholders," said Muirhead director Mr. Donald Buchanan.

Despite the size of its purse, the KIO is known in the City as a tough and decisive dealer and negotiator. Last year, it bid successfully for Hay's Wharf the shipping and property group in which it already had a stake. It acquired this when paying £107m for St. Martin's property back in 1975.

A recent Chase Manhattan publication estimated that the Kuwaiti Government had spent at least $1.2bn (£515m) since 1974 in shares of UK insurance, banking and industrial companies, some $500m in property and $4bn in long-term securities. Whatever the real figures, the KIO has certainly become a vigorous, if enigmatic member of the UK financial scene.

PURCHASES NOTIFIED THIS WEEK

COMPANY	INCREASE	TOTAL	%	MARKET VALUE
Bank of Scotland	50,000	2.51m	(7.7)	£7.5m
Eagle Star	365,000	7.45m	(5.5)	£18.8m
General Accident	75,000	14.82m	(9)	£44.5m
Caledonia Investment	40,000	1.57m	(8.9)	£4.3m
Harrisons and Crosfield	200,000	5.59m	(9.6)	£42.6m
Chubb	250,000	7.03m	(11.6)	£6.5m
Burmah Oil	200,000	9.19m	(6.4)	£16.8m
Trusthouse Forte	100,000	10.43m	(5.1)	£20.2m

Total estimated cost of latest buying £3.7m

PART OF THE KUWAITIS PORTFOLIO

COMPANY	%
Savoy Hotel	27.8
Guardian Royal Exchange	5.9
Legal and General	6.2
Royal Insurance	5.7
Commercial Union	5.0
John Mowlem	9.1
Birmid Qualcast	6.0
Muirhead	7.7
Stock Conversion	7.8
Alexander Howden	7.8
Hambros Investment	5.7
Allnatt London Properties	5.5

Rough value of these and other disclosed stakes over 5 per cent: £350m.

Stag accepts new 430p Hunting offer

Hunting Gibson, the ship owning and management and ship and air broking group yesterday came back with an increased offer for Stag Line, and with the backing of the Stag board has gained control of this North Shields based shipowning group.

This time Hunting is offering 430p a share (again with a loan alternative) which values Stag at £5.3m. This compares with its first bid of 355p (on January 14) and tops the rival offer from Turnbull Scott by 30p. Yesterday the Stag shares fell 13p to 420p—prior to the first approach they stood at 270p.

Earlier this month in a defence statement against the Turnbull offer, the Stag board told shareholders that a recent valuation of the company's fleet showed a net asset value materially higher than the 410p indicated by Turnbull.

Hunting already holds 4.2 per cent of the Stag shares. Together with the 29.9 per cent Ropner Holdings stake, which had been ascented to the original Hunting offer, and the holdings of the Stag directors and certain other holders, Hunting is assured of success in its offer with acceptances totalling 51.9 per cent.

Hunting and Stag had been having management discussions for some time prior to Hunting's original bid. It was activity in the Stag share price and fears of a possible bid which prompted Hunting to act in the first place.

The companies said yesterday they believe that benefits will arise from merging the two comparatively small fleets into a single larger unit. They feel that the merger will considerably strengthen the ship management services available on the Tyne.

The companies feel that benefits will accrue "particularly where it has been demonstrated that there is a similarity of method and outlook." Hunting and Stag consider that the "necessary resources of manpower and training skills can be better deployed with a larger fleet, but without introducing the problems of size associated with very large oganisations entailing the loss of familiarity and continuity of association with each ship."

Stag—which owns three deep dry cargo bulk vessels and one coasting vessel—benefited from an upturn in bulk shipping rates in the year ended October 31, 1980 and showed a recovery to a profit of £215,765, after a loss of £121,189 in the first half. City estimates put the current year profit at around £700,000 which would compare with a loss of £689,301 for 1979-80.

Hunting has made a steady recovery from the collapse into losses of £3.86m in 1977. In 1979 profits were just under £3m compared with £1.26m in 1978.

Reed Stenhouse and U.S. partner form syndicate

REED STENHOUSE Companies and Continental Corporation of the U.S. have formed the South Place Syndicate, capitalised at $7.4m (£3.2m), to do business on the New York Insurance Exchange, the U.S. answer to Lloyd's.

South Place is expected to start operations in March and will write reinsurance on a broad mix of property and casualty business. Its formation was announced by underwriting managers Continental Reed Stenhouse Management Company.

Continental owns 20 per cent of Stenhouse, based in the UK.

Participants in the syndicate are: AGF Reassurances, France; Canadian Indemnity; Continental Insurance Company, U.S.; Elite Insurance Company, Canada; Finnish Marine Insurance Company; Hafnia-Haand, Denmark; Lumbermans Mutual Insurance Company, U.S.; Motorists Insurance Companies, U.S.; Nissan Fire and Marine, Japan; Norden Gruppen, Norway; Northland Insurance Company, U.S.; Phoenix Assurance Company, UK; People's Insurance Company of China, and Seguros America Banamex, Mexico.

ECHO BAY ISSUE

The innovative financing scheme, involving preferred shares and gold purchase warrants, to finance Echo Bay Mines' Lupin gold prospect in the Canadian Arctic, has raised a net C$74.8m (£26.7m).

A total of 1.6m units were sold, against a possible maximum of 1.7m, with 95 per cent of the issue being placed in Canada. European investors took the remainder.

The gold portion of the issue was based on a price of $524 per ounce, plus a premium of 13.5 per cent, to give a final figure of $595 per ounce. The gold price fell to $486.50 in London yesterday.

Sir Hugh Fraser speaks today

BY JOHN MOORE

Sir Hugh Fraser, deposed chairman of House of Fraser, the stores group which owns Harrods, is planning to issue a personal statement today stating his formal views about the 150p per share cash bid by Lonrho for the Fraser group, and his removal from the chairmanship of the company.

Lawyers acting for Sir Hugh are discussing the statement with the Takeover Panel. It could be issued this afternoon.

Lonrho is planning to issue its circular calling an extraordinary general meeting on March 4 of its shareholders to approve the bid, together with the offer document possibly over the weekend or on Monday.

House of Fraser is preparing another defence document to the bid which has been described as "totally unacceptable" by the board. That document is likely to be issued ahead of the Lonrho extraordinary meeting.

Meanwhile, the Hugh Fraser Trusts of Sir Hugh Fraser's family continue to add to their stake in Bremner, the Glasgow department store. On Wednesday it was announced that the trusts had increased their stake by a further 25,000 shares bringing it to 449,000 shares (8.134 per cent). Yesterday it was announced that the trusts had acquired a block of 83,000 bringing their holding to 532,000 shares (9.637 per cent).

Sir Hugh Fraser described the move yesterday as "a great investment."

SWADDLE OUT

Harry Swaddle (Coliseum) has withdrawn its offer for Whitley Bay Entertainments following the latter's recommendation of the revised offers from Granada Group.

Scotcros in London sherry and wine deal

Scotcros, the Glasgow-based packaging, food and engineering group subsidiary, J. Deans and Company, has acquired the business of Independent Bulk Wine Shippers, in the City of London, for £150,000.

This acquisition will enable Deans, one of the largest importers in Scotland of wines and sherries, to develop further its sales of French and German wines

Also Deans now has the opportunity to market its range of wines and sherries in the South of England.

LONDON TRADED OPTIONS

(Feb. 12 Total contracts 1148)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	58	10	—	—	—	—	410p
BP	390	34	—	54	16	66	—	„
BP	420	18	5	34	—	48	—	„
BP	460	8	5	16	5	—	—	„
BP	500	3	2	9	—	—	—	„
Com. Union	140	16	—	20	1	25	—	152p
Com. Union	160	7	23	10	—	14	—	„
Com. Union	180	1½	—	3	4	—	—	„
Cons. Gold	550	—	—	5	—	7	3	484p
Cons. Gold	588	¾	2	2	—	—	—	„
Courtaulds	50	10	—	14½	3	15½	—	56p
Courtaulds	60	3½	—	6½	36	9½	—	„
GEC	550	102	—	127	—	148	4	646p
GEC	600	61	100	88	4	112	—	„
GEC	650	23	49	58	7	82	—	„
Grand Met.	140	27	7	33	—	39	—	161p
Grand Met.	160	9	21	16	—	23	—	„
Grand Met.	180	3½	8	7½	—	11	—	„
ICI	280	26	—	44	14	56	1	292p
ICI	300	15	—	30	2	36	—	„
ICI	330	7½	3	17	—	—	—	„
ICI	360	2	—	7½	10	—	—	„
Land Sec.	390	30	15	42	1	66	—	404p
Land Sec.	420	12	20	26	—	38	—	„
Marks & Sp.	120	9	23	16	—	21	—	124p
Marks & Sp.	130	4	—	8½	20	12½	—	„
Shell	420	18	—	32	12	44	—	415p
Shell	460	7	8	17	—	24	—	„
Totals			301		129		8	
		February		May		August		
Barclays B'k	390	27	2	42	—	63	—	410p
Barclays B'k	420	8	5	26	14	37	—	„
Barclays B'k	460	½	—	10	—	22	10	„
Imperial Gp.	70	11	190	11	18	14	—	81p
Imperial Gp.	80	2	76	5	250	6½	24	„
Imperial Gp.	90	½	—	2	—	3	4	„
Lasmo	650	20	8	72	2	97	—	652p
Lasmo	700	1	—	47	8	70	8	„
Lasmo	750	½	—	24	35	52	—	„
Lasmo	800	¼	—	15	—	34	5	„
Lonrho	100	—	—	9	1	13	—	100p
Lonrho	104	1½	9	—	—	—	—	„
Lonrho	110	—	—	5	—	8	7	„
P. & O.	130	1	2	6½	—	10½	—	121p
Racal Elec.	300	41	14	63	—	66	—	340p
Racal Elec.	330	12	9	34	—	47	—	„
Racal Elec.	390	¼	—	7	1	21	—	„
RTZ	454	½	2	7	1	—	—	358p
Totals			376		330		59	

EUROPEAN OPTIONS EXCHANGE

Series	Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C $50	3	1¾	1	3⅛	5	4¼	$49⅞
	April		July		Oct.		
ABN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOG C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NATN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NATN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
POLA C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OLIE P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Feb.		May		Aug.		
BOE C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLUM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLUM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLUM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLY C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VW C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS [illegible]

A=Asked B=Bid C=Call P=Put

Lower spending planned by Associated Sprayers

A large investment programme was undertaken during 1980 by Associated Sprayers, and the chairman, Mr. R. W. O. Beney says in his annual report that this amounted to £850,000.

Although this year's programme is less heavy, the company, manufacturer of garden and household sprayers, barrows, clothes drying aids, step ladders and ironing tables, is determined to continue to upgrade and extend its product range.

Mr. Beney says the sharp drop in demand towards the end of the financial year—as known, pre-tax profits fell from £622,833 to £426,229—caused stocks of finished products to be higher than had been planned. This, together with the capital expenditure, led to a reduction in liquid funds which, however, still exceeded £150,000 at the year-end.

The new year has continued to be difficult, he says, but there are indications that the distributive trades hold relatively low stocks of the company's products. It should benefit immediately from any revival of consumer demand. He says it is quite impossible to make any comment about the results for the year as a whole.

Shareholders' funds at August 31, 1980, stood at £3.67m (£2.3m).

Meeting, Birmingham, March 3, at noon.

TDG Australia static

A 1 per cent increase from A$1.19m to A$1.2m in pre-tax profits is reported by Transport Development Australia for the six months to December 31, 1980.

Warehousing and cold storage contributed $1.05m ($892,000) to this total, and crane hire's share was up from $6,000 to $61,000. Road haulage profits were lower at $349,000 compared with $537,000.

Turnover rose by 19.18 per cent from $12.18m to $14.51m.

The pre-tax figure was struck after higher interest charges of $246,000 ($237,000) and depreciation up from $729,000 to $830,000. After tax of $476,000 ($465,000), stated earnings per share are virtually unchanged at 8.82 cents (8.8 cents).

Attributable profits came out at $734,000 compared with $733,000. The interim dividend is unchanged at 4 cents, and this absorbs $332,993.

The directors say the level of trading throughout January, a holiday month, is at best an uncertain indicator, but it is evident that the lower level of activity has continued into the second half.

Transport Development Group of the UK has a 70 per cent interest in the company.

N. AMERICAN CONVERSION

A listing has been granted for 859,966 shares of Northern American Trust Company which have been issued against conversion of £966,255 5 per cent convertible unsecured loan stock 1992-97 with effect from February 1.

After the above changes the amount of convertible stock in issue is £334,465 and the issued ordinary capital is 33.24m shares.

Utd. Scientific sustains heavy R&D investment

Substantial investment in research and development is being continued in the current year at United Scientific Holdings, and the group is planning to expand its involvement in the field of laser rangefinders in the U.S., Mr. J. D. Robertshaw, chairman, tells shareholders in his annual review.

Optic Electronic Corp. will be investing in a small organisation in America, specialising in laser research, they state, and Helio Mirror Company has set up a new division for the rangefinders design and manufacture—the first model is expected to be demonstrated in the spring.

"We feel that these moves will help significantly to provide the future products for our range," the chairman says

As reported on December 19 taxable profits for the year ended September 30, 1980 advanced from £4.05m to £5.27m, on turnover of £33.56m against £24.66m. The dividend is effectively raised to 5p (3.65p) per share.

On a CCA basis profits are reduced to £4.45m against £3.44m.

Mr. Robertshaw says it is difficult in the current world economic and political climate to make a forecast with any degree of accuracy, but with an order book of over £33m the directors consider the group is in a good position to achieve further growth this year.

Capital expenditure authorised at the year end amounted to £1.7m compared with £1.16m, of which £742,000 (£92,000) had been contracted for.

Shareholders' funds were £9.84m (£8.66m), term loans £1.28m (£878,000), and bank balances and cash £2.38m (£2.68m).

Meeting, White House, Hotel, NW, on March 10 at noon.

Palabora: weak second half

THE WARNING given last year by the Rio Tinto-Zinc group's South African copper-producing Palabora that its second half profits would show a fall from the high level of the first half has been fully borne out.

After a 40 per cent rise to R31.24m (£17.4m) at half-time, the total profit for 1980 comes out at only R43.7m compared with R45.3m in 1979.

Palabora is halving its final quarter dividend to 25 cents (14p), making a total for the year of 110 cents against 125 cents for 1979.

As already reported, copper sales last year rose slightly to 113,051 tonnes from 112,667 tonnes. The copper price on the London Metal Exchange weakened in the final few months—as reflected in Palabora's profits—but it still averaged £940 per tonne for the year compared with £935 in 1979.

The price is currently around £770 and Palabora points out that unless there is a substantial improvement in the price in the short term, profits and dividends will be reduced this year. At the current price of 425p the shares are now on a dividend yield of 14 per cent.

REPORTS AND ACCOUNTS IN BRIEF

ALEXANDERS DISCOUNT COMPANY—Results for 1980 reported January 20. Shareholders funds £10.02m (£9.58m), secured loans £374m (£363.5m) deposits, other liabilities, deferred tax and contingency reserve £56.4m (£94.6m). Meeting, 1, St. Swithin's Lane, EC, March 3 at noon.

CAPITAL RESERVE FUND — Net revenue for half year to December 31, 1980, £24,115 (£20,529). No interim dividend (same). Earnings per share 2.2761p (1.2392p).

COUNTRYSIDE PROPERTIES—Results for year to September 30, 1980, reported January 21 in full preliminary statement. Land and work-in-progress £14.11m (£12.22m). Bank loans and overdrafts £8.59m (£6.88m). Shareholders' funds £4.35m (£3.75m). Meeting, Winchester House, EC, March 10, 11.00 am.

Y. J. LOVELL HOLDINGS (builder, developer and timber importer)—Results for year to September 30, 1980 reported January 23, 1981. Shareholders' funds £25.52m (£17.47m); creditors and accrued charges £23.27m (£19.79m); bank overdrafts (secured) £2.47m (£4.19m); cash in bank and in hand £78,000 (£95,000) loans £4.5m (nil). Historical pre-tax profit of £2.88m (£2.62m) reduced to £2.54m (£1.92m) on a CCA basis. Chairman says company is currently holding the position reached at this stage last year. Meeting, Portman Hotel, Portman Square, W, March 18, at noon.

BRAID GROUP (vehicle distributor and engineer)—Results for year ended September 30, 1980 reported on January 13 in full preliminary statement with prospects. At January 31 Avondene Securities held 29.92 per cent of the Braid ordinary and Pearl Assurance held 5.17 per cent. Meeting, Liverpool, March 9 at 12.15 pm.

EVANS AND OWEN (fashion boutiques)—Results for half year to September 30, 1980: Turnover £1.24m (£951,672); pre-tax profits £34,309 (£15,806). Again no tax was charged because sufficient losses brought forward are available. Stated earnings per 25p share are 7p (3.3p).

H. YOUNG HOLDINGS (motor distributor)—Results for six months to November 30, 1980: Turnover £1.58m (£1.83m); pre-tax loss £20,111 (profit £5,878). No tax is again payable. Directors say trading conditions have been difficult in the motor sector, but the second half will show an improvement.

PLASTIC CONSTRUCTIONS—Results for year to September 30, 1980, reported on February 11, 1981. Shareholders' funds £2.96m (£2.77m); bank overdrafts £322,000 (£83,365): bank and cash balances £16,672 (£16,958); secured loans £268,981 (£157,180). Meeting, Birmingham, March 4, noon.

INTERNATIONAL COMPANIES and FINANCE

Japanese groups seek U.S. bus and railcar contracts

BY IAN HARGREAVES IN NEW YORK

THREE MAJOR Japanese investments in New York state are being either planned or considered, Mr. Hugh Carey, the state's governor, announced yesterday.

Potentially the most important project is the one which involves Hino Motor, Japan's largest truck manufacturer, in supplying buses to be tested in New York City, following which Hino may set up a manufacturing plant in the state.

The buses will arrive this spring and unofficial reports say that Hino is close to committing itself to a $14m initial investment for assembly facilities.

The second project is the establishment of a manufacturing plant in the state by Okuma machinery, a major machine tool maker. Governor Carey described this as "a firm commitment."

Governor Carey also said that the lowest bidder for the contract to supply rapid transit railcars to Buffalo, New York, is the Tokyu Car Company, the Yokohama-based subsidiary of the Tokyu group.

The Governor said he has urged Tokyu to build the Buffalo cars in the state. "We have moved towards a solid commitment from them to build the cars in western New York," he said.

In Hong Kong, Mr. Carey, said he made progress in talking with the Hongkong and Shanghai Banking Corporation about possible funding for a proposal to increase the capacity of the Erie Canal. Marine Midland Bank, owned by the Hong Kong bank, is prepared to jointly fund the venture, the governor said.

The bus plant is interesting from two angles. First it would give Hino its first foothold in the US and a base from which it could eventually develop a truck manufacturing operation.

Currently, Hino has a small assembly operation in Canada for trucks, but has made no serious move into the U.S. Buses use the same chassis as trucks.

From the U.S. point of view, the attempt to persuade Hino to set up a plant is part of a wider programme to increase competition in the bus industry, which is more or less completely controlled by two domestic companies, General Motors and Grumman.

New York City has had a well-publicised spate of trouble with its new Grumman buses, all of which are now off the road for major repairs.

ITT forecasts record profits and turnover

By Our New York Staff

ITT, the U.S. telecommunications equipment, industrial and services group, said it expects to report record sales and earnings for 1980. The gain, however, strongly reflects the sale of timberland in British Columbia while 1979 results were cut by $2.30 a share by the cost of closing a Quebec pulp mill.

Earnings for 1980 were expected to be about $894m or $6.12 a share, against $380.7m or $2.65.

Excluding special items, ITT's per share earnings increased by 11 per cent last year over 1979.

ITT said 1980 revenues were estimated at $23.8bn, up 8 per cent from $22.1bn reported in 1979. The company said its final results will be reported in March.

Shipping write-off trims growth at R. J. Reynolds

BY OUR NEW YORK STAFF

R. J. REYNOLDS, the U.S. tobacco, energy, food and shipping group, grew strongly in both sales and earnings last year, but fourth quarter net profits only grew marginally because of a $25.1m write-down in the value of eight container ships.

The company reported fourth quarter net income of $136.9m, or $1.24 per share, against $135m, or $1.26 per share. Sales for the quarter were up by 13 per cent to $2.82bn. For the year Reynolds earned $670.4m on sales of $10.35bn, compared with $550.9m on sales of $8.94bn in 1979.

The write down on the ships was taken because Reynolds is negotiating to sell the vessels for $280m to the U.S. Government for use as naval support vessels. The ships, built in the early 1970s, consume too much fuel for profitable commercial operation.

Reynolds has still not completed this deal, but has chosen to take the expected loss on the sale in its final quarter.

Apart from that, Reynolds did well in all its major divisions, even shipping where operating earnings were up by 13 per cent on the year.

But the star performer was energy, where sales were up 57 per cent to $985m and operating earnings up from $65m in 1979 to $183m last year.

Tobacco also had a good year. Operating earnings rose by 12 per cent to $800.8m on domestic operations and international tobacco operating profits were up by 19 per cent to $177.2m.

Oil field services group advances

By Giles Merritt in Brussels

SCHLUMBERGER, the oil industry services group which has acquired Fairchild Camera and Instrument, yesterday reported a 28 per cent increae in fourth quarter earnings and a 24 per cent rise in revenues over the same quarter in 1979.

The company also reported record revenues and earnings for 1980, reflecting the strong demand from the oil industry for its services at a time of record drilling activity in the U.S.

Net income in the fourth quarter totalled $320m, including an after tax gain of $69.7m from the sale of its interest in Rowan Companies. Per share earnings were $1.67 against $1.02.

Revenues in the quarter were $1.46bn, a 33 per cent gain over the same quarter in 1979. Excluding revenue from the sale of Rowan shares, the increase was 24 per cent.

For the year, net profits totalled $994m or $5.21 a share, compared with $658m or $3.45, the year before. Revenues rose by 41 per cent to $5.41bn reflecting the consolidation of revenues from Rairchild's a micro-chip group.

Mr. Jean Riboud, the company's chairman, said revenue from oilfield service operations in the U.S. was at a peak because drilling continued at record levels throughout the year.

● Wheelabrator-Frye, the environmental control systems concern which last year acquired Pullman, the engineering and contracting company, boosted fourth quarter earnings of $20m, or $1.17 a share compared with $12m or $1.07 a share, in the corresponding quarter of 1979. Revenues grew from $251m to $545m.

For the year profits came out at $55.3m, or $4.31 a share, compared with $42.68m, or $3.72 a share. Sales for the year were $1.3bn against $946.9m.

U.S. Quarterlies, Page 24

Solvay raises FFr 200m at 14¾%

By Francis Ghilès

SOLVAY, the Belgium chemical group, is raising FFr 200m through a five-year Eurobond which is being managed by Banque de l'Union Europénne. The bond has a 14¾ per cent coupon, markedly higher than that paid by Gaz de France on a fixed interest French franc bond two weeks ago.

The company's rating and last week's decline of ¼-½ a point in French franc bond prices led the borrower and the lead manager to offer a higher yield than in recent cases in the hope of ensuring the placing of the bond in firm hands.

Eurobond markets meanwhile remained depressed. Fixed interest dollar bonds declined an average of ¾ of a point yesterday. The fear of a large volume of new U.S. domestic bond issues, yielding much more than equivalent Eurobond issues, continues to cast a long shadow.

In Germany, where D-Mark foreign bonds declined by ½ a point yesterday and in Switzerland, where Swiss franc bonds fell ¼ of a point, strength of the dollar is making life for dealers even more difficult.

The rise in short term Swiss franc interest rates — the six-month Euro Swiss franc rate moved up by ⅛ to 7¼ per cent yesterday—is an added subject of concern. The European Investment Bank is arranging a SwFr 100m public issue through Soditic. The 6½ per cent coupon and pricing at par looks a little tight after yesterday's rise in interest rates.

Chase Manhattan Bank is leading an SDR 15m ($18.54) four-year floating rate certificate of deposit for Gulf Bank, the second largest bank in Kuwait. This FRCD carries interest at ¼ per cent over the three-month offered rates for deposits denominated in SDRs quoted by a minimum of three out of five reference banks. This is the second FRCD denominated in SDRs and the first to be priced on the average of the SDR offered rates and not the average of the composite Libor rates for each of the currencies making up the SDR basket.

● The Italian Treasury has sent a telex to many international banks who have not yet agreed to participate as managers in the $2bn loan for Italy being put together by Bankers Trust. In it, the Treasury stresses the importance it attaches to this loan. Despite the reluctance of many banks to join as managers and underwrite the $66m that goes with it, Bankers Trust says that it already has the agreement of more than half the number of banks needed to complete the management group.

CITICORP MOST SEVERELY AFFECTED

High interest rates hit bank profits

BY DAVID LASCELLES IN NEW YORK

LAST YEAR was a tough one for U.S. banks, with record high interest rates and a stop-go economy, and profits were obviously under pressure.

Even so, it still came as a shock when Citicorp, which has just overtaken Bank of America to become the largest U.S. bank holding company, announced that final quarter earnings were off by 38 per cent, pulling full-year earnings down by nearly 7 per cent, their largest fall ever.

Citibank blamed this on the wide swings in interest rates, noting that the rate on one of its major source of funds, three-month certificates of deposit, fluctuated between 8 per cent and 21 per cent. But Citibank came out worse than other banks because of structural problems with its balance sheet.

Evidently taking the view that interest rates must come down, Citibank locked itself into a large volume of fixed rate assets which had to be funded short at high cost during the sharp peak in interest rates at the end of last year. This cut the net interest margin back to 2.25 per cent, compared with an average 3.2 per cent in 1979. Only much-troubled First Chicago had a narrower margin, 1.67 per cent.

Citibank managed partially to offset this reduction by selling real estate and the residual value of part of its lease portfolio. But many of its problems stemmed from the decision taken years earlier to develop consumer banking, an area which until recently was tightly regulated, notably as to the rate of interest banks could charge on consumer loans.

New York state eased some of these curbs at the end of last year, largely because of lobbying by Citibank. As a result, banks can now charge up to 19 per cent on instalment loans compared with a previous maximum of 13 per cent, and can also make an annual charge for credit cards.

This is expected to help Citibank's profits, but not immediately because the reforms take effect gradually. Prospects for a near-term earnings improvement heavily depend on a swift drop in interest rates which will take pressure off margins. Reflecting these difficulties, Citicorp shares have been conspicuous laggards in the banking firmament.

Several other big "money centre" banks found it difficult to make headway as well; Chase Manhattan, whose final quarter earnings were virtually unchanged, and Bank of America.

Chase's net interest income was down 3 per cent, but it managed to raise earnings from other operating sources, such as trading and fees, by a third to cushion the decline. Bank of America did slightly better, though it also is suffering from a mismatch of low yielding assets such as mortgages and consumer loans, at a time when its major source of cheap funds, consumer deposits, is declining. It took steps during the year to correct this by selling mortgages and issuing some debt. The weakness of the consumer loan market also helped. But the problem has not been entirely eradicated, and the mismatch will doubtless be a major preoccupation of the new management which takes over when Mr. Tom Clausen, the president, leaves for the World Bank in April.

The high fliers were two large New York banks, J. P. Morgan—parent of Morgan Guaranty—and Bankers Trust. Always one of the best performers, Morgan pushed profits up by more than a quarter, though some of this advance came from the sale of an office building in London. Morgan was also one of many banks which took advantage of the weakness of the bond market to buy back some of its debt at a discount. Profits on such transactions become liable to tax this year

Bankers Trust, for long rated as a lacklustre bank, has piled up profits at a steady pace since it made a strategic decision three years ago to abandon the retail business and go in for Morgan Guaranty-type wholesale banking. Gains were registered in its net interest margins and non-interest income, which demonstrated that a retail operation can be dispensed with as a source of cheap funds. Indeed, banks with big corporate customers do extremely well out of the system of "compensating balances" whereby corporate borrowers have to lend back to the bank, interest free, anything up to 20 per cent of what they borrow.

It wast obvious from the results, though, that interest rate margins were under greater pressure abroad than in the U.S. U.S. margins were generally wider largely because of the strength of loan demand throughout most of last year. Overseas margins were squeezed because banking in the Euromarkets is based on a greater proportion of interest-sensitive liabilities than banking in the U.S.

For many banks, though, the saving grace was a big increase in non-interest earnings foreign exchange trading, securities trading, fees and commissions. At Chase these were up 35 per cent, at Chemical 70 per cent and at Manufacturers Hanover 35 per cent. In part this had to do with heavy trading in the foreign exchange markets, though trust income was also a big item.

The strain high interest rates are placing on the economy as a whole was reflected in a generally higher level of provisions for loan losses and actual charges. Most banks appear to have written-off their loans to Chrysler in the final quarter, though the terms of the Federal rescue deal suggest they might still get 15 cents on the dollar if they are lucky. With other big bankruptcies around, such as Itel and Seatrain, losses could continue to be high.

U.S. BANK EARNINGS ($m)

	4th quarter 1980	4th quarter 1979	Year 1980	Year 1979
Citicorp	96	154	507	544
Manufacturers Hanover	59.5	51.7	230.2	211.3
Bank of America	161	158	645	600
J. P. Morgan	92	73	368	288
Bankers Trust	41	30.1	181	115
Chase Manhattan	77	76.7	365	311
Chemical Bank	51	39	175	142
Continental Illinois	53.6	50.3	224	194
First Chicago	12.2	17.6	66.5	115.5

Note: All earnings are before securities transactions. Bankers Trust earnings exclude gain on the sale of branches in New York.

Hutton to fund biotechnology

BY OUR NEW YORK STAFF

E. F. HUTTON, one of Wall Street's largest investment companies, has launched a highly unusual company to increase its involvement in the rapidly expanding field of life sciences and biotechnology.

Hutton said it was forming a New York-based company, DNA Science, which will channel funds into life sciences research and assist researchers in securing commercial applications for their work.

DNA Science's first formal connection with the academic world will be with the Yeda Research and Development Corporation of Rehovot, Israel.

Under the agreement, DNA and Yeda will fund life sciences research at the prestigious Weizmann Institute of Science, also in Rehovot.

Hutton says it has already identified 19 research projects and has committed $25m in research funds and capital spending over the next five years.

To finance this and other aspects of the programme, Hutton is currently trying to raise $50m privately from various financial institutions.

Mr. Robert Fomon, chairman of E. F. Hutton, said he did not expect any return from Hutton's involvement in the venture in the foreseeable future.

But the new venture does set Hutton, which already has a very strong reputation for its research and analysis of the life sciences industries, in a position to benefit from future growth in what has become a booming but controversial area of scientific advance.

Mr. Russell Eggers, 49, the former president of Loctite, a manufacturer of special chemicals and adhesives, has been recruited as president and chief executive of DNA Science.

Five Texasgulf officers killed

FIVE EXECUTIVES of Texasgulf, the chemicals and natural resources group, including Mr. Charles Fogarty, the chairman, were killed when the company's private jet crashed at it attempted to land near Armonk, New Jersey, on Wednesday Reuter reports.

Texasgulf identified the other victims as: Mr. Gordon McKee, vice-president and treasurer, Mr. Frank Claydon, president of Texasgulf Chemicals, Mr. Robert Boyle, vice-president of research, engineering and construction, and Mr. Clarence Drew, manager of corporate communications. They were returning from a business trip

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, March 11. Closing prices on February 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	94½	95	−1½	−2¼	14.49
CECA 11½ 88	100	88⅛	89⅜	−1⅞	−2¼	14.01
CNE 12¾ 91	100	93⅛	93⅝	−0⅜	−1½	13.97
Citicorp O/S Fin. 10 88	300	83¾	84¼	−2⅛	−3⅜	14.43
Citicorp O/S Fin. 12 87	200	89⅝	90⅛	−2⅛	−3⅜	14.42
Con. Illinois O/S 9⅜ 86	150	83⅛	83⅝	−0⅝	−2	14.31
Denmark 11¾ 90	100	87¼	87¾	−0⅛	−1½	14.22
Dupont Canada 13½ 91	65	95⅛	95⅝	−0⅝	−2¼	14.37
EEC 11 85 (May)	75	80⅛	80⅝	−2⅛	−3½	14.24
EEC 11 85 (August)	70	79⅝	80⅛	−2	−2⅞	14.29
EIB 13⅞ 90	100	96⅞	97⅛	−1⅞	−2⅞	14.34
Eksportfinans 9½ 87	75	82¼	82⅞	−0⅝	−1⅝	13.77
Elec. de France 10 88	125	82¼	82⅞	−0¼	−2¼	13.87
Elec. de France 13 88	125	96	96½	−0½	−1½	13.86
Export Dv. Cpn. 12¾ 87	100	94	94½	−1⅛	−2⅜	14.15
Export Dv. Cpn. 9½ 86	150	83⅝	84⅛	−0⅜	−1⅞	14.22
Fin. Exp. Credit 10½ 85	50	87⅜	87⅞	−0⅛	−1⅛	14.45
Finland, Rep. of 9½ 86	100	82⅜	82⅞	−0⅝	−1⅝	14.59
Ford Credit O/S 14⅝ 83	150	95⅜	95⅞	−0⅜	−0⅜	16.82
Ford O/S Fin. 12⅜ 85	250	88⅜	88⅞	−0⅛	−0⅝	16.58
Gaz de France 13½ 88	80	97⅝	98⅛	−0⅝	−1⅞	14.07
GMAC O/S Fin. 12 87	100	88⅞	89½	−0½	−2	14.62
GMAC O/S Fin. 12⅞ 88	100	92¼	92⅞	−0½	−1⅞	14.69
Gen. Mtrs. O/S 11⅜ 87	100	89	89½	−0⅝	−1⅝	14.31
GTE Fin. 13¾ 86 (WW)	50	98	98½	−0¼	−0½	14.25
Hudson's Bay 11½ 90	75	84⅜	84⅞	−1⅛	−3	14.58
IBM Canada 10½ 85	50	94⅜	94⅞	−0⅜	−1⅜	12.15
IBM Wld. Trade 12¾ 88	200	95⅛	95⅜	−0⅝	−2	13.53
Newfoundland 13¾ 90	60	94⅝	95⅛	−0⅝	−1⅜	14.56
Nova Scotia 10⅜ 90	50	81⅛	81⅝	−0½	−3½	14.45
OKB 10 85	50	87⅞	88⅜	−0⅞	−1	13.70
Pemex 11½ 88	150	83⅜	84⅛	−0⅝	−1⅜	15.21
Quebec Hydro 11½ 92	100	82⅞	83⅜	−1⅝	−2⅝	14.60
Queb. Hy 13 91 (WW)	100	91⅜	92⅜	−1⅛	−1⅜	14.56
Roylease 11⅛ 85	50	91½	92	−0½	−0⅞	13.85
SNCF 12¾ 85	50	94⅞	95⅜	−0⅜	−1⅝	13.96
Sven Handelsbk. 13¾ 88	45	95⅞	96⅜	−0½	−0⅞	14.63
Sweden 12⅜ 85	150	93½	94	−0½	−1⅞	14.26
Swed. Ex. Credit 12 83	50	93⅜	93⅞	−0½	−1½	15.07
Swed. Ex. Credit 13 86	75	94⅞	95⅛	−0⅛	−1⅛	14.47
Unilever NV 9⅜ 90	100	78½	79	−0⅜	−2⅝	13.90
World Bank 9⅜ 85	200	88⅛	88⅝	−0⅝	−1⅞	14.11
World Bank 10⅜ 87	300	84⅜	84⅞	−1½	−2½	14.03

Average price changes... On day −0⅞ on week −2

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 90	100	88⅞	89⅜	−0⅝	−2⅜	10.22
Australia 8⅛ 90	250	92	92½	−0⅝	−3⅛	9.43
Austria, Rep. of 8⅜ 92	150	89⅜	90	+0⅛	−1⅞	9.77
BFCE 8½ 95	100	†86¼	87⅜	−0⅜	−4	9.92
CECA 7⅞ 92	150	†88⅞	89⅜	+0⅝	−1⅜	9.49
Cll-Honeywell 8⅜ 90	125	†89⅝	90⅝	0	−1⅜	10.00
Denmark 8⅜ 92	100	†90	91	−0⅜	−3½	9.69
EIB 8½ 90	200	91⅝	92⅜	0	−3	9.80
ESCOM 9⅜ 87	100	96⅝	97⅜	0	−0⅜	9.92
Iberduero SA 9 90	100	†94⅜	95⅜	−1	−2⅜	9.86
Ind. Bk. Finland 8½ 90	50	†90	91	−0⅜	−1⅜	10.06
Japan Air Lines 8⅜ 87	100	91⅞	92⅜	−0⅜	−1⅜	9.73
Japan Dev. Bank 7⅜ 87	100	88⅞	89½	−0⅞	−2⅞	9.97
Kobe, City of 8 90	100	89	89½	−0⅜	−2⅜	9.79
Midland Int. Fin. 8½ 90	150	90⅝	91⅜	−0⅞	−3⅜	9.98
Norway 7½ 85	250	93½	94⅜	0	−0⅝	9.43
Nuclebras 9⅜ 88	100	†88⅞	89½	−0⅜	−1⅜	12.01
OKB 8⅜ 92	150	†88	89	0	−1⅝	9.97
Oslo, City of 8⅜ 90	80	96⅝	97⅛	0	−1⅜	9.25
Venezuela, R. of 9⅜ 90	150	94⅛	94⅞	−0⅜	−2⅜	10.87
World Bank 8 90	700	87⅞	88⅜	−1⅛	−2⅜	9.96
World Bank 10 86	150	100⅜	101⅜	+0⅛	−2½	9.73
World Bank 10 90	200	100⅞	101⅜	−0⅞	−3⅜	9.77

Average price changes... On day −0½ on week −2⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅜ 90	100	94⅞	95⅝	+1⅛	−1	6.08
Bayer Int. Fin. 5⅜ 92	100	94½	94⅞	−0⅜	−0⅜	5.90
Bergen, City of 6 90	50	97⅛	97½	−0⅜	−2⅜	6.38
Buhrm'n-Tetterode 7 90	40	103	103⅜	+0⅜	−0⅜	6.53
Copenhagen Tele. 5⅜ 90	80	92½	92⅞	−0⅜	−0⅜	6.82
Denmark 5⅝ 90	80	93⅞	93⅜	−0⅜	−1⅛	6.68
EIB 4⅜ 94	100	81⅝	81⅞	−0⅜	−2⅜	6.45
Elec. de France 5⅜ 90	100	94	94½	−0⅝	−2⅜	6.07
Eurofima 5⅜ 92	80	†101	102	0	−0⅜	5.57
F. G. H. Hypo. Bk. 6 90	50	†95½	96	−2	−3	6.62
Finland, Rep. of 5⅜ 90	80	†93	93½	0	+0½	6.60
GZB 4⅜ 89	100	83	83⅜	−1	−2⅜	6.89
Int. Amer. Dev. 7 90	80	101⅜	102⅜	+0⅛	−0⅜	6.65
Japan Dev. Bank 5⅜ 90	100	96⅝	97	0	−0⅜	6.18
Jutland Tele. 5½ 90	50	92⅛	92⅝	+0⅝	−1⅜	6.85
Mt. Blanc Tunnel 5½ 90	60	93⅛	93⅞	+0⅛	−1⅜	6.39
Newag 5⅜ 90	80	95⅞	96⅜	+0⅜	−0⅞	6.38
Nippon Tel. & T. 4⅜ 89	100	89⅛	89⅝	−0½	−0⅜	5.85
Norges Komm. 4⅜ 91	100	83½	83⅜	−0⅜	−2	6.55
OKB 4⅜ 91	100	82⅜	83	+0⅛	−1⅜	6.67
OKB 6 90	100	98⅛	99	+0⅛	−0⅜	6.16
Oslo, City of 4⅜ 91	100	83⅞	83⅞	−1½	−1⅜	6.61
Oslo, City of 5⅞ 90	80	97	97⅛	−0⅜	0	6.27
Philips Lamps 5⅜ 92	100	91½	91⅜	−0½	−1⅜	6.29
Sekisui Pre. Hms. 6 90	80	95⅜	96	−0⅜	−1⅜	6.60
Shikoku El. Pwr. 4½ 89	100	92⅛	93	−0⅞	−3⅜	5.83
Trade Dev. Fin. 6⅞ 90	50	93	93⅜	+0⅞	−1⅜	7.13
Voest-Alpine 5⅜ 90	80	93½	93⅜	−0⅜	−1⅜	6.66

Average price changes... On day −0⅛ on week −1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92	93	−0⅜	−0⅜	8.84
Australia 6½ 88	20	88½	89½	0	+0⅜	8.63
EIB 7⅜ 89	12	93⅜	94½	−0⅜	−0⅜	8.78
Finland 5.6 83	10	91⅜	92⅜	−0⅜	−0⅜	9.12
Finland 6.8 88	10	87⅜	88⅜	−0⅜	−0⅜	9.21
Finland, Rep. of 8⅛ 87	15	96⅞	97⅜	−0⅜	−0⅜	9.03

Average price changes... On day −0⅜ on week −0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 88 C$	60	91	91⅜	+0⅛	0	12.36
CIBC 13½ 85 C$	50	†88⅜	89	0	0	13.89
CIBC 11½ 85 C$	60	†92⅜	93	0	−0⅜	13.78
Federal Dev. 11½ 90 C$	60	†86	87	0	+0⅜	14.14
Fst. Can. Inv. 10 84 C$	50	†89	89⅜	−0⅜	−0⅜	14.26
R. Bk. Canada 10 88 C$	40	89⅞	90⅜	0	−0⅜	12.62
Tordom Cpn. 13½ 85 C$	30	†98	98⅜	0	−0⅜	13.98
M. Bk. Dnmk. 9 91 EUA	25	89⅞	90⅜	0	−1⅛	10.57
SOFTE 8⅜ 89 EUA	40	88⅜	89	+0⅛	−0⅜	10.63
U. Bk. Nrwy. 9½ 90 EUA	18	97⅞	99	0	−0½	9.77
Bk. Mees & H. 10 85 Fl	75	98⅛	98⅝	−0⅜	−2	10.44
F. G. Hypo 9⅜ 87 Fl	60	93⅜	93⅞	−0⅛	−0⅜	11.14
Heineken NV 10 87 Fl	100	95⅛	95⅜	−0⅛	−1⅜	10.98
Nat. Inv. Bk. 10 87 Fl	75	94⅜	95⅛	−0⅛	−2	11.09
Nat. Neder. 9½ 87 Fl	60	93⅜	94⅛	−0⅛	−0⅞	10.83
Ned. Midd. Bk. 10 85 Fl	75	99	99½	0	−1⅛	10.18
Aero Paris 13⅜ 87 FFr	150	95⅛	96⅛	−0⅜	−0⅜	14.08
Charb'nages 13⅞ 85 FFr	400	98⅜	99⅛	0	−0⅜	14.14
CECA 14⅜ 86 FFr	150	99½	100½	0	−0⅜	14.22
EIB 14½ 88 FFr	300	99⅜	100⅜	+0⅛	0	14.17
Finland 11 84 FFr	80	90⅞	91⅞	−0⅛	−0⅜	14.11
Gaz de France 11 84 FFr	150	92	93	−0⅛	−0⅜	13.65
La Redoute 14⅜ 85 FFr	125	95⅛	96⅛	0	−0⅞	15.61
OKB 14 86 FFr	400	98⅜	99½	−0⅛	−0⅜	14.25
Utd. Mex. Sts. 14 85 FFr	150	98⅜	99⅜	0	−0½	14.38
Acona 14 85 £	20	94⅜	95½	−0⅛	−0⅛	15.46
Beneficial 14⅜ 90 £	20	94⅜	95	0	−0⅜	15.33
Beneficial 14⅝ 90 £	20	94⅛	94⅞	0	−0⅜	15.34
BNP 13½ 91 £	15	95⅛	96⅛	0	−0⅛	14.27
CECA 13½ 88 £	20	96⅞	97⅜	0	+0⅛	14.18
Citicorp O/S 13½ 90 £	50	95½	96⅛	0	+0⅜	14.34
Fin. for Ind. 14½ 88 £	20	100⅛	100⅞	+0⅛	0	14.37
Fin. for Ind. 13⅜ 87 £	20	97⅜	98	+0⅛	+0⅛	14.28
Gen. Elec. Co. 12½ 89 £	50	94½	94⅞	−0⅛	0	13.65
Peugeot SA 14 90 £	23	94⅜	95	0	−0⅜	15.05
Rothschild 14⅜ 90 £	12	98⅜	99⅛	−0⅛	+0⅜	14.45
Swed. Ex. Cr. 15⅜ 85 £	20	103½	104⅜	0	+0⅛	13.92
Barobras 8⅜ 90 KD	7	†87⅜	87⅞	0	0	10.44
CCCE 8½ 91 KD	10	†82½	83	0	+0⅛	11.04
Sonatrach 8½ 90 KD	12	†88⅜	88⅜	0	0	10.53
Akzo 8⅜ 87 LuxFr	500	91½	92½	0	−0⅜	10.98
Euratom 9⅜ 88 LuxFr	500	95	98	−0⅛	−1⅛	10.70
Eurofima 10½ 87 LuxFr	500	97⅞	98⅞	0	−0⅞	10.83
EIB 9⅜ 88 LuxFr	600	96⅜	97⅛	0	−0⅛	10.43
Volvo 9⅜ 87 LuxFr	500	92⅜	93½	0	−0⅛	11.20

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5⅛ 87	0⅛	†99	99½	2/7	16⅝	16.75
Bank of Montreal 5⅛ 90	0⅛	99⅜	99⅞	18/6	19½	19.57
Bank of Tokyo 5⅜ 89	‡0⅛	98⅜	99⅛	25/4	19.31	19.53
BBL Int. 5 86	0⅛	98½	99	20/5	16½	16.71
Bergen Bk. A/S 6 89	‡0⅛	†98⅜	98⅝	29/2	18.19	18.49
BNP 5½ 88	‡0⅛	99⅜	99⅝	29/4	18.69	18.81
CNT 5⅜ 86	§0⅛	98½	99	16/4	13⅜	13.42
Christiania Bk. 5½ 91	‡0⅛	97½	98	5/5	17⅝	18.16
Citicorp O/S F. 84	‡0	99⅜	99⅜	29/2	17.56	17.74
C. Itoh 5⅜ 87	0⅛	98⅞	99⅛	18/3	12⅞	13.02
Co-operative Bk. 6 86	0⅛	97⅛	97⅜	15/5	15⅜	15.64
Den Norske Credit 6 90	0⅛	†97⅜	98⅛	5/5	17⅜	18.11
Genfinance 5⅜ 87	0⅛	98½	99	30/4	15⅛	15.32
Giro und Bank 5⅜ 91	0⅛	98⅝	99⅛	23/3	20½	20.73
GZB 5½ 89	‡0⅛	98⅜	99⅛	1/5	17⅞	18.06
Ind. Bank Japan 5⅜ 87	0⅛	98	98½	15/4	13.31	13.55
Ind. Bank Japan 5⅜ 88	0⅛	97½	98	9/4	13⅛	13.43
Lloyds Eurofin 8 90 £	0⅛	96½	96⅞	3/7	14½	15.05
Lloyds Eurofin 5⅜ 92	0⅛	97⅞	98⅛	4/6	17⅛	17.58
LTCB Japan 5⅜ 86	0⅛	100⅜	100⅞	13/6	20.19	20.06
Man. Hanov. O/S 5⅜ 94	‡0⅛	98⅞	98⅜	29/2	18½	18.42
Midland Intl. Fin. 5 89	0⅛	†99½	100	30/6	19.56	19.61
Midland Intl. Fin. 5⅜ 92	0⅛	98⅜	98⅝	5/6	17.19	17.47
Nacional Fin. 6⅜ 86	0⅛	99⅞	99⅜	25/7	17⅜	17.86
Nat. West. 5⅜ 94	§0⅛	96⅝	97⅛	14/4	13⅜	13.68
Nat. West. 5⅜ 92	§0⅛	97⅛	97⅜	23/4	13.69	14.04
Nippon Credit 5⅜ 87	‡0⅛	99	99½	6/5	17.44	17.57
Sparebanken 6 87	0⅛	98⅝	99⅛	19/6	19⅞	20.10
Standard Chart. 5⅜ 90	0⅛	98½	99	6/3	12.06	12.22
Svenska Hndlsbk. 5 87	0⅛	99	99½	15/7	17.81	17.95
Bq. Ex. d'Alg. 4⅜ 89 SF	0⅛	90½	90⅜	18/6	7½	8.28

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	102⅞	103⅜	−0⅛	20.98
Canon 6⅜ 95	1/81	829	108⅜	109⅜	−1½	4.17
Credit Suisse 4⅜ 93	10/79	1278	96½	97⅜	−4⅜	−6.76
Digicon Fin. 8½ 95	10/81	29.5	96⅜	97⅜	0	10.57
Enserch Fin. 9½ 94	7/80	30.25	161½	162½	−2½	−1.47
Hanson O/S Fin. 9½ 95	1/81	1.82	104⅜	105⅜	+0½	−1.98
Ina Overseas 8⅜ 2000	4/81	42	99⅞	100⅞	−0⅜	10.94
Inchcape Ltd. 8 95	2/81	4.55	92⅜	93⅜	+0⅛	2.09
Jaccs 7½ 95	11/80	585	130⅜	131⅜	+0⅛	−1.39
Marion Int. Fin. 9 95	12/80	23.25	89	90⅜	−1⅞	63.89
Matsushita El. 7½ 95	11/80	590	102½	103½	−0½	8.03
MEPC 8⅜ 96	2/81	2.47	101⅞	102⅞	+0⅛	9.88
Niigata Eng. 7½ 96	1/81	327	105⅜	106⅜	−0⅜	0.64
Nissho-Iwai Co. 6 96	10/80	398	94⅛	95⅛	−0⅛	−2.53
Ricoh 6⅜ 95	8/80	604	117⅜	118⅜	−1⅜	−0.67
Sumitomo M. Ind. 7 95	2/81	181	108⅜	109⅜	−0½	3.53
Swiss Bk. Cpn. 6⅜ 90	9/80	200	88	90	0	19.83
Taylor Woodrow 8⅜ 90	1/81	4.94	97⅛	98⅛	+2½	5.24
Transco Int. 8⅜ 96	2/81	68	86⅜	88	−1⅛	29.87
Tricorp 8½ 95	12/80	31.25	92⅛	93½	−1⅛	9.52
Union Bk. Switz. 5 89	2/80	121.4	83	85	−3½	−15.67
Fujitsu 5 84 DM	7/79	431.5	146	147	+1⅛	−1.23
Sharp Cpn. 6½ 88 DM	9/80	595	141⅛	142⅜	+1⅛	−2.88
Uny Co. 6½ 85 DM	11/79	967.3	115⅜	116⅜	+0⅛	−0.52

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Earnings up one-third at Atlas Copco

By Victor Kayfetz in Stockholm

STRONG WORLD demand during 1980 for compressed air and hydraulic equipment, especially in manufacturing industry and mining, helped Sweden's Atlas Copco group lift its pre-tax earnings by just over 32 per cent to SKr 442m ($96m). The board is proposing a dividend of SKr 6.50 a share for a total cost of SKr 10m in all.

Group turnover rose more than 17 per cent to SKr 6.23bn ($1.35bn), beating Atlas Copco's nine-month forecast of 15 per cent. Sales outside Sweden accounted for 91 per cent of the total in 1980, against 92 per cent the previous year.

Order bookings also climbed 17 per cent, to SKr 6.45bn. The year-end 1980 backlog stood at SKr 1.05bn, a 23 per cent gain.

Atlas Copco noted strong 1980 sales in Sweden, Finland, France, Italy, Portugal and West Germany, but said certain European markets showed signs of a slowdown by the final months of the year.

Outside Europe, demand remained high. Sales during 1980 were especially good in Australia, North America, India, South Africa and several South American countries.

Group profit per share increased from SKr 9.99 to SKr 12.60 while the return on capital employed, excluding debt carrying no interest, moved up from 14.2 to 16.9 per cent.

HALF-YEAR RESULTS LOWER THAN EXPECTED

World recession hits Norsk Hydro

BY FAY GJESTER IN OSLO

NORSK HYDRO, Norway's largest industrial concern, reports higher turnover and profits for the half-year ended December, 1980.

Sales have risen from NKr 6bn to NKr 8.3bn ($1.53bn) and pre-tax profits in the period are estimated at between NKr 700m ($130m) and NKr 750m. This is well above the NKr 515m earned in the first half of 1979.

However, according to Mr. Odd Narud, Hydro's president, the figures (which are preliminary) are not directly comparable. "The result is, in reality, rather weaker than in the same period a year ago, and also somewhat lower than was foreseen."

Mr. Narud says the world recession is hitting Hydro. Particularly hard-hit are petrochemical products at the new Rafnes comlex in eastern Norway, where Hydro partners Statoil and Saga. The outlook for the petro-chemical industry is dark throughout Western Europe, Mr. Narud points out. Hydro is working at less than 70 per cent of capacity in this area, and some product prices are 30 to 40 per cent lower.

Light metals, another important sector for Hydro, have also been hit by the slump. "In addition we have run into some difficulties on the production side which are now in the process of being straightened out."

Fertilisers did better than forecast, particularly the Dutch plant which Hydro acquired a couple of years ago.

The results of North Sea oil and gas activities were also "satisfactory," with increased prices offsetting lower than expected output.

The company plans to change its financial year to a calendar 12 months.

● PLM, the Swedish packaging consumer goods and waste treatment group, nearly doubled its pre-tax profit from SKr 51.3m in 1979 to SKr 96.2m ($20.8m) last year, and the proposed dividend is SKr 7.75, compared with SKr 6.75, writes Victor Kayfetz in Stockholm.

In the eight-month report last October Mr. Ulf Laurin, the *managing director*, had predicted earnings of SKr 85m to SKr 90m.

Most of the improvement in profits came from higher productivity, with all five divisions reporting better earnings. The largest gains were by PLM Pac, maker of plastic, metal and glass consumer packaging in Sweden, and in the foreign glass production units of the Euroglas division. Until recently, Euroglas was a loss-maker.

Group sales for comparable units rose 14 per cent to SKr 2.27bn ($492m). At SKr 258m, group investments were the highest in PLM's history, up from SKr 124m in 1979.

Oce pays same despite setback

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH COPIER group, Oce-Van der Grinten, proposes to maintain its dividend for 1980 despite reduced profits.

Net profit fell 12 per cent to Fl 37.6m ($16m) for the year ended November, 1980 on sales 10 per cent higher at Fl 1.44bn ($615m). The dividend is being held at Fl 8 a share.

Operating profit rose 4 per cent to Fl 106.5m but a 45 per cent rise in net interest charges to Fl 38.9m has depressed earnings at the net level. Profit per share fell by 12 per cent to Fl 20.81.

The weak economic climate in some of the company's major markets led to a slowdown in the growth of sales in the fourth quarter. Final quarter figures show net profit down by 28 per cent to Fl 9.7m compared with the fourth quarter of 1979, while sales rose 7 per cent to Fl 393m.

Oce is continuing its reorganisation of the Ozalid group of the UK, though these costs have been fully offset by a reduction in tax and have been accounted for against 1980 results.

The company will accelerate the expansion of its copier factory at its Venlo headquarters because of the favourable market response to new machines.

The sharp rise in Oce's balance sheet total—by Fl 217m to Fl 1.34bn—was attributable to investment in plant and buildings, an increase in the amount of copying equipment under rental contracts and an increase in the guilder value of overseas assets.

Oce fared somewhat better than Rank Xerox, which has a large assembly plant in the Netherlands. Rank Xerox recently announced plans to lay off more than 400 of its 2,600 workforce because of Japanese competition and the introduction of less labour-intensive products.

West German news agencies extend links

By Kevin Done in Frankfurt

VWD (United Economic Services), the main economics news agency in West Germany, is to sign with immediate effect a cooperation agreement with DPA (German Press Agency), the major West German general news agency in an attempt to ensure its future survival.

VWD, which has a turnover of some DM 23m ($10.3m) and a staff of around 300, fell into losses in 1979 and has run up further losses over the past 12 months.

Its future was further clouded when Reuters, the London-based news agency, finally severed all ties with it last July selling its one-third interest for some DM 1.4m. Reuters had been a shareholder since the founding of VWD in 1949.

The DPA holds a third interest in the economics news agency, with one-third in the hands of a holding company representing the major industrial and commercial trade associations and the remaining third held by VWD itself.

VWD said yesterday it was intended that the DPA and itself should remain as independent entities. The cooperation agreement was necessary, however, to strengthen VWD's position.

The two agencies would now combine to produce a joint product, the "VWD/DPA Economics News Service." Other services provided by VWD for customers in trade and industry would be improved and extended through the introduction of improved electronic technology.

In addition the management of the agency is to be restructured. The job of managing director and editor, hitherto done by one man, Herr Guenther Kaeckenhoff, is to be split. Herr Kaeckenhoff is to become editor-in-chief of the agency, while Herr Rolf Poppe, who has previously worked for the Der Spiegel and Gruner und Jahr publishing houses, will be managing director.

Exports prop GHH sales growth

BY ROGER BOYES IN BONN

GHH, Europe's largest mechanical engineering group, saw orders and sales edge up slightly in the first six months of its new business year, despite the gathering storm-clouds in the German economy.

It intends to boost its dividend for 1979-80 from 12 to 14 per cent and hopes that it will be able to maintain that level in the current year.

A speech by Dr. Manfred Lennings, GHH executive chairman, to shareholders yesterday made clear that the export market continued to be the main prop for sales growth, given the slowdown in the domestic economy. New orders in the July-December 1980 period rose 3.4 per cent to DM 7.4bn ($3.45bn), the export share of which jumped from 44.2 per cent to 47.8 per cent.

Sales overall for the period grew less impressively by 1.9 per cent. Export sales increased at a much faster rate, accounting for 44.6 per cent of the overall DM 6.7bn figure. Orders in hand total DM 16.7bn.

In 1979-80, the group saw sales rise by 5.6 per cent to just below DM 16bn and turnover by 13.2 per cent to DM 15.4bn. Attributable profits rose from DM 89m to DM 107m ($49.8m).

The group's earnings potential was boosted by the performance of two subsidiaries — Ferrostaal, a steel plant and marine trading concern and Schloemann Siemag, a leading manufacturer of steel rolling mill equipment.

Schloemann Siemag, however, had something of a setback this week with the cancellation of a Chinese order for a DM 1bn steel rolling mill. It remains to be seen how this will affect GHH, which has a 50 per cent stake in the company.

Robeco lifts final dividend

By Our Financial Staff

ROBECO, THE Dutch investment fund which is the largest international fund outside the U.S., is lifting its final dividend to Fl 11 for 1980, from the Fl 9 paid for 1979.

The fund passed its interim stock dividend. In 1979 shareholders received an interim stock dividend of 3½ per cent.

Robeco's net assets grew by around an eighth last year, rising to Fl 4.7bn from the level of Fl 4.15bn achieved at the end of 1979.

Rhone-Poulenc sees drop

BY OUR FINANCIAL STAFF

RHONE-POULENC, the French chemicals and textiles group *which is drastically slimming* its man-made fibres operation, expects 1980 to produce operating profits sharply lower than the FFr 3.6bn ($730m) earned in 1979.

The company says operating profits for last year are likely to emerge at around 6.3 per cent of group sales compared with a margin of 10.7 per cent in 1979. For the first half of 1980 Rhone's sales were running at FFr 18.5bn ($3.74bn) after totalling FFr 33.8bn for the whole of 1979.

Last month the company disclosed cuts of around 4,000 in its textiles workforce after a sharp rise in losses in this division to FFr 850m from the FFr 500m deficit incurred for 1979.

The workforce cuts represent a major acceleration in the reorganisation of Rhone's textile operations. In 1977 the division employed 13,200. The latest reduction is being made on a workforce totalling 8,200.

AMERICAN QUARTERLIES

CONTINENTAL TELEPHONE

	1980 $	1979 $
Fourth quarter		
Net profits	32.68m	29.14m
Net per share	0.56	0.51
Year		
Revenue	1.27bn	1.16bn
Net profits	122.9m	115.3m
Net per share	2.13	2.10

CROWN CORK

	1980 $	1979 $
Fourth quarter		
Net profits	15.57m	15.11m
Net per share	1.07	1 00
Year		
Revenue	1.46bn	1.4bn
Net profits	73.19m	70.39m
Net per share	4.98	4.85

CUMMINS ENGINE

	1980 $	1979 $
Fourth quarter		
Revenue	440.0m	461.8m
Net profits	11.43m	15.59m
Net per share	1.35	1.84
Year		
Revenue	1.67bn	1.77bn
Net profits	†10.98m	57.94m
Net per share	†1.31	6.84

† Loss

DOMINION BRIDGE

	1980 $	1979 $
Fourth quarter		
Revenue	375.2m	261.0m
Net profits	17.1m	21.8m
Net per share	0.63	0.85
Year		
Revenue	1.08bn	934.2m
Net profits	47.3m	54.5m
Net per share	1.76	2.34

GOODYEAR CANADA

	1980 C$	1979 C$
Year		
Revenue	493.1m	492.3m
Net profits	14.83m	16.55m
Net per share	5.73	6.38

GOULD INC.

	1980 $	1979 $
Fourth quarter		
Revenue	563.8m	551.3m
Net profits	15.3m	30.5m
Net per share	0.44	0.90
Year		
Revenue	2.2bn	2.1bn
Net profits	72.5m	110.4m
Net per share	2.10	3.27

KROGER

	1980 $	1979 $
Fourth quarter		
Revenue	2.72bn	2.25bn
Net profits	38.0m	27.7m
Net per share	1.37	1.01
Year		
Revenue	10.32bn	9.03bn
Net profits	102.8m	85.7m
Net per share	3.71	3.13

McGRAW-EDISON

	1980 $	1979 $
Fourth quarter		
Revenue	589.0m	594.0m
Net profits	17.8m	19.5m
Net per share	1.09	1.20
Year		
Revenue	2.26bn	1.33bn
Net profits	80.4m	63.3m
Net per share	3.08	3.87

NATIONAL GYPSUM

	1980 $	1979 $
Fourth quarter		
Revenue	209.0m	217.0m
Net profits	9.5m	14.7m
Net per share	0.57	0.89
Year		
Revenue	854.0m	835.0m
Net profits	47.5m	71.5m
Net per share	2.86	4.34

NEW YORK TIMES

	1980 $	1979 $
Fourth quarter		
Revenue	202.4m	184.1m
Net profits	10.74m	11.63m
Net per share	0.89	0.97
Year		
Revenue	733.2m	653.1m
Net profits	40.81m	36.41m
Net per share	3.37	3.06

POWER CORPORATION OF CANADA

	1980 C$	1979 C$
Fourth quarter		
Revenue	111.2m	92.1m
Net profits	29.13m	23.8m
Net per share	1.14	0.93
Year		
Revenue	384.2m	326.2m
Net profits	104.2m	864.2m
Net per share	4.05	3.35

QUESTOR

	1980 $	1979 $
Fourth quarter		
Revenue	122.3m	117.8m
Net profits	†6.98m	5.84m
Net per share	†0.72	0.60
Year		
Revenue	460.6m	485.5m
Net profits	†12.59m	8.71m
Net per share	†1.32	0.88

† Loss

SIGNODE

	1980 $	1979 $
Fourth quarter		
Revenue	175.1m	178.2m
Net profits	9.12m	10.68m
Net per share	1.14	1.36
Year		
Revenue	695.5m	695.2m
Net profits	38.56m	43.77m
Net per share	4.86	5.56

SMITH INTERNATIONAL

	1980 $	1979 $
Fourth quarter		
Revenue	244.3m	147.5m
Net profits	23.15m	14.01m
Net per share	1.05	0.68
Year		
Revenue	784.1m	545.3m
Net profits	79.07m	54.64m
Net per share	3.73	2.65

STERLING DRUG

	1980 $	1979 $
Fourth quarter		
Revenue	448.2m	391.3m
Net profits	29.88m	25.49m
Net per share	0.49	0.42
Year		
Revenue	1.75bn	1.56bn
Net profits	123.34m	111.59m
Net per share	2.04	1.85

U.S. GYPSUM

	1980 $	1979 $
Fourth quarter		
Revenue	382.0m	393.9m
Net profits	25.3m	23.8m
Net per share	1.55	1.46
Year		
Revenue	1.47bn	1.53bn
Net profits	94.4m	123.5m
Net per share	5.78	7.59

WESTERN UNION

	1980 $	1979 $
Fourth quarter		
Revenue	215.7m	182.8m
Net profits	9.85m	9.3m
Net per share	0.47	0.45
Year		
Revenue	794.2m	718.5m
Net profits	37.81m	4.03m
Net per share	1.80	—

Saint-Gobain increases its Olivetti interest to 30%

BY DAVID WHITE IN PARIS

SAINT - GOBAIN - PONT - a Mousson, the French industrial group, has built up its shareholding in Olivetti of Italy to 30 per cent. Confirming this yesterday, M. Roger Fauroux, the group's chairman, would not say whether this stake would be further increased.

But it was made clear that Saint-Gobain planned to exercise effective control over the Italian office equipment manufacturer in conjunction with Sig. Carlo de Benedeti, the Olivetti vice-chairman.

Saint-Gobain's initial deal, announced in April last year, involved a stake of around 20 per cent, acquired through a reserve issue of shares and subscription to a rights issue.

At the same time, M. Fauroux said Saint-Gobain was interested in acquiring an interest in telecommunications to complete its recent development as a leading force in French data processing.

Data processing made up 10 per cent of the group's estimated 1980 net profit of FFrs 880m ($180m). Inclusion of figures from the Cii-Honeywell Bull for the second half of the year, following an increase in Saint-Gobain's shareholding, helped push consolidated sales up to FFrs 43bn from FFrs 35.5bn, a rise of about 20 per cent. On a strictly comparable basis, the rise would have been only 9 per cent.

Saint-Gobain is forecasting growth of over 60 per cent in real terms by the end of 1983, when it expects annual turnover at current prices to reach FFrs 70bn, not including Olivetti.

The current year is expected to provide "difficulties but no catastrophe." Profits, which rose by about a third last year to FFrs 880m, are expected to flatten out but start rising towards the end of the year.

Investments this year are to remain at around the same level in real terms as last year, when, excluding new consolidations, they totalled FFrs. 2.4bn.

Recovery continues at Citicorp Australia

By James Forth in Sydney

CITICORP AUSTRALIA Holdings, the finance company offshoot of the U.S. banking group, continued its recovery in the year to December with a jump in pre-tax profits from A$3.48m to A$18.48m (US$21.5m).

Tax took A$11.2m compared with a small credit in 1979, leaving net earnings more than doubled from A$4.4m to A$11.26m.

Gross income rose 27 per cent to A$199m (US$232m) with "satisfactory" growth in corporate finance, residential and commercial mortgages, corporate leasing, and personal loans. Net receivables at December 31 amounted to A$1.25bn, an increase of A$224m over the level at the end of 1979, and A$114m more than at June 1980.

The latest result is close to the record profit of A$13.74m in 1974 before the collapse of the property market, which resulted in Citicorp buying out public investors.

Citicorp ran up heavy losses from property in the late 1970s, including a deficit of A$51.5m in 1978. The directors said yesterday that the successful programme for the disposal of non-accrual securities continued, resulting in a further reduction of A$18.8m to A$21.2m. Interest relating to these assets and excluded from earnings amounted to A$8.3m.

Citicorp is obliged to make available 10 per cent of the finance company's capital to Australian investors by mid-1983, and 25 per cent within 10 years.

First report by Arab bank

By Mary Frings in Bahrain

EUROPEAN Arab Bank (Middle East) made a profit of US$1.78m on total assets of US$280m, in its first full year of trading, as an exempt company, incorporated in Bahrain, and licensed as an offshore banking unit.

The profit figure represents a 35.6 per cent return on shareholders' capital of US$5.21m, and a return on average assets of 0.78 per cent.

ICI expands Japanese operations

By Richard C. Hanson in Tokyo

IMPERIAL CHEMICAL Industries (ICI) plans to further strengthen its operations in Japan with a joint venture, now in an "advanced" stage of negotiations, to produce polytetrafluoroethylene (PTFE).

This is a specialty plastic, with a wide range of industrial uses. It has many coating applications—non-stick frying pans, for example.

The joint venture partner will be Asahi Glass, a leading producer of glass and chemicals affiliated to the Mitsubishi group of companies. This would be the third company in Japan to produce PTFE. ICI produces the plastic at two other locations, in the UK and the U.S.

ICI already has three joint ventures in Japan, and a share in a Japanese plastics company, which makes it the largest non-oil UK business in Japan. Last year its turnover in Japan topped Y100bn ($490m), about one quarter of which represented imports from ICI plants elsewhere. Business has been expanding at 15-20 per cent a year.

ICI has adopted a policy in Japan of avoiding licensing technology, prefering to form joint ventures for local production. It is already making agri-chemicals with Teijin, the big synthetic textile company, special chemicals with Kao Soap, and pharmaceuticals in a venture with Sumitomo Chemical. It holds a share in Japan's largest polyurethane producer, Nihon Polyurethane.

The PTFE venture will reportedly have a capacity of 3,000 tonnes a year. ICI expects that it will be able to capture a substantial share of the growing market for PTFE in Japan, now expanding at a rate of about 10 per cent a year. Exports to third countries are likely.

Protea Holdings profits 46% ahead at halfway

BY BERNARD SIMON IN JOHANNESBURG

PROTEA HOLDINGS, the South African chemical, electrical, electronics, and engineering group, has reported a 46.3 per cent increase in attributable profit, from R7.45m to R10.9m ($14.2m), for the half-year to December, compared with the same period in 1979, with the electrical, electronic protective clothing, and medical divisions faring particularly well.

The company also announced the takeover of Inex of Denver, Colorado, which produces quality control instrumentation for the glass-making industry. The $6m paid for Inex, Protea's first foreign subsidiary, was funded by an offshore loan.

Protea's earnings per share rose from 25 cents to 33.7 cents and the interim dividend was raised from eight to 10 cents.

The company's attributable earnings rose by 60 per cent to R16.3m in its last financial year, but the company warned in the 1980 annual review that the rate of increase was unlikely to continue.

Although turnover increased by 27 per cent in the first half to R164.4m ($215m), Protea, like many other South African companies, is bumping against capacity constraints. According to Mr. Aidan Beard, the managing director, it has had to invest heavily in recruiting and training new staff.

Mr. Beard said that the rate of increase in profits is likely to slow further during the rest of the financial year, despite continuing firm demand from Protea's main customers in the capital goods sectors.

Metcash seeks controlling stake in Russell Holdings

BY OUR JOHANNESBURG CORRESPONDENT

METRO CASH AND CARRY (Metcash), South Africa's leading food wholesaler, is negotiating to acquire a controlling interest in Russell Holdings, one of the country's largest furniture retailers. Metcash recently bought 30 per cent of Dion's, a large domestic appliance retailing chain, for R11.5m.

The purchase of a majority holding in Russell would, it is estimated, cost Metcash and its parent, Kimet, about R40m ($52m). Metcash and Kimet are expected to use shares to finance at least a portion of their purchase.

The negotiations between Metcash, Kimet and Russell have not yet been concluded, and shareholders have been advised to "exercise caution" in dealing in the shares of the three companies until the talks are completed.

● Reunert and Lenz, the South African light engineering group, more than trebled its taxed profit to R8.2m ($10.7m) in the six months to December 31. The company's turnover more than doubled, from R51m in the first half of 1979-80 to R110m ($144m).

South Africa's largest industrial group, Barlow Rand, acquired a controlling interest in Reunert and Lenz late last year.

An interim dividend of 23 cents a share against 15 cents has been declared, and the directors expect that the total for the year will reach 60 cents, against 42 cents a share previously.

To the Holders of

International Income Fund

Units

Notice of Dividend Payment

Midland Bank Trust Company (Channel Islands) Limited as Trustee of the above mentioned fund has declared a dividend of U.S.$2.00 per Unit for the Financial Year ended 31st December, 1980, payable on the 23rd February, 1981, in respect of all Units in issue on 31st December, 1980. Unit holders should send coupon No. 20 to the Trustee at 28/34 Hill Street, St. Helier, Jersey, Channel Islands. Arrangements have been made whereby holders of all Units in issue at 22nd February, 1981, may reinvest the dividend paid at that date in additional Units at a purchase price equal to the Net Asset Value per Unit at 22nd February, 1981. (As an indication, the Net Asset Value per Unit was $19.90 on 8th February, 1981.) This right will terminate at the close of business on 20th March, 1981. Unit holders who desire to reinvest their dividend should advise the Trustee accordingly when presenting their coupons for payment.

Midland Bank Trust Company (Channel Islands) Limited

Dated: 11th February, 1981

International Income Fund (IIF)

Administrative Agent:

European Banking Company Limited

Trustee:

Midland Bank Trust Company (Channel Islands) Limited

FIDELITY INTERNATIONAL FUND N.V.

INCORPORATED UNDER THE LAWS OF NETHERLANDS ANTILLES

The Directors have declared a dividend of 23 cents (U.S.) per share the record date of which is February 13, 1981 payable February 27, 1981.

Holders of bearer shares should present coupon No. 3 at the Head Office of the Bank of Bermuda Limited, Hamilton, Bermuda or Julius Bar International Limited, 3 Lombard Street, London EC3V 9ER, or Bank Julius Bar and Co. Ltd., Bahnhofstrasse 36, Zurich, Switzerland or Kredietbank S.A. Luxembourgeoise at 43 Boulevard Royal, Luxembourg.

Registered shareholders of record February 13, 1981 will have their dividend cheque mailed to their address.

Hamilton, Bermuda
February 13, 1981

C.T. Collis, Secretary

NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHTS

MITSUI & CO., LTD.

(Mitsui Bussan Kabushiki Kaisha)

8¼% CONVERTIBLE SINKING FUND DEBENTURES DUE 1989

NOTICE IS HEREBY GIVEN that, pursuant to Article 11 of the Indenture dated as of September 30, 1974, under which the above-designated Debentures (the "Debentures") are issued, the Company has elected to exercise its right to, and shall, redeem on March 31, 1981 (the "Redemption Date") all of its outstanding Debentures at a REDEMPTION PRICE of 105.25% of the principal amount thereof.

The redemption price will become due and payable on the Redemption Date and, upon presentation and surrender of the Debentures (in the case of coupon Debentures, together with all coupons appertaining thereto maturing after March 31, 1981), will be paid on or after the Redemption Date at the corporate trust office of The Bank of Tokyo Trust Company in New York City, 100 Broadway, New York, N.Y. 10005 or at the principal office in the city indicated of any of the following Paying Agents: Citibank N.A. in Amsterdam, Brussels, Frankfurt/Main, London, Milan and Paris, Citibank (Luxembourg) S.A. in Luxembourg, and The Bank of Tokyo, Ltd. in Brussels, Dusseldorf, Hong Kong, London, Milan and Paris. On and after the Redemption Date interest on the Debentures will cease to accrue. Interest maturing on March 31, 1981 will be paid in the usual manner.

CONVERSION OF DEBENTURES INTO COMMON STOCK

The Debentures may be converted into shares of Common Stock of the Company (par value of Yen 50 per share) or at the option of the holders into American or European Depositary Shares, as the case may be, and Receipts therefor at the conversion price (with Debentures taken at their principal amount translated into Japanese yen at the rate Yen 299 equals U.S. $1) of Yen 245.20 per share of Common Stock. Each Debentureholder who wishes to convert his Debentures should deposit his Debentures (in the case of coupon Debentures, together with all unmatured coupons) and a written notice to convert (the form of which notice is available from any of the following) with Citibank N.A. at its principal corporate trust office in New York City or with Kredietbank S.A. Luxembourgeoise at its principal office in Luxembourg or with the principal office of any of the Paying Agents specified above. SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL DEBENTURES AT THE CLOSE OF BUSINESS ON THE REDEMPTION DATE.

So long as the market price of the Common Stock is U.S. dollar equivalent 0.898 per share or more per share, a Debentureholder would receive, upon conversion of Debentures, Common Stock having a greater market value than the cash which such holder would receive if he surrendered his Debentures for redemption.

MITSUI & CO., LTD.
By: THE BANK OF TOKYO TRUST COMPANY
as Trustee

Dated: February 13, 1981

This advertisement is not to be construed as a public offering in any province of Canada of the securities mentioned herein. Such offering will be made only by a prospectus in those provinces where such prospectus has been accepted for filing by a securities commission or similar authority in such province.

New Issue

$9,500,000

Roxy Petroleum Ltd.

2,000,000 Common Shares

Price: $4.75 per share

The Common Shares are offered pursuant to a prospectus dated January 27, 1981, copies of which may be obtained from such of the undernamed and other dealers who may lawfully offer these securities.

Wood Gundy Limited — Peters & Co. Limited

Dominion Securities Limited — McLeod Young Weir Limited — Midland Doherty Limited

Richardson Securities of Canada

February 1981

QATAR NATIONAL BANK S.A.Q.

W. M. BENNETT, Manager

CITY OFFICE

are pleased to announce

CHANGE OF ADDRESS

to

135-141 Cannon Street
London EC4N 5AH
Telephone: 01-283 3911
Telex: 889201/3 QATBNK G

EFFECTIVE

Monday 16th February 1981

Standard Chartered Bank Limited

(Incorporated with limited liability in England)

U.S. $100,000,000

Floating Rate Capital Notes 1990

For the six months from 13th February, 1981 to 13th August, 1981 the notes will carry an interest rate of 17¼% per annum. On 13th August, 1981, interest of U.S.$86.73 will be due per U.S.$1,000 note for coupon No. 6.

Principal Paying Agent
European-American Bank & Trust Company
10 Hanover Square
New York, N.Y. 10005

Agent Bank: Morgan Guaranty Trust Company of New York

All of these Securities have been sold. This announcement appears as a matter of record only.

New Issue / February, 1981

U.S. $200,000,000

IBM World Trade Corporation

(Incorporated with limited liability in the State of Delaware, U.S.A.)

12½% Notes due February 1, 1988

Salomon Brothers International

Merrill Lynch International & Co. — Morgan Guaranty Ltd

Banque Nationale de Paris — Banque de Paris et des Pays-Bas

County Bank Limited — Crédit Lyonnais

Credit Suisse First Boston Limited — Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Amro International Limited — Algemene Bank Nederland N.V. — Arnhold and S. Bleichroeder, Inc. — B.S.I. Underwriters Limited Bahamas

Bache Halsey Stuart Shields Incorporated — Banca Commerciale Italiana — Banco di Roma — Bank of America International Limited — Bank für Gemeinwirtschaft Aktiengesellschaft

Bank of Helsinki Ltd. — Bank Leu International Ltd. Nassau — Bankers Trust International Limited — Banque Arabe et Internationale d'Investissement (B.A.I.I.)

Banque Bruxelles Lambert S.A. — Banque Française du Commerce Extérieur — Banque Générale du Luxembourg S.A.

Banque Internationale à Luxembourg S.A. — Banque Worms — Barclays Bank Group — Baring Brothers & Co., Limited

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft — Bayerische Landesbank Girozentrale — Bayerische Vereinsbank Aktiengesellschaft — Bear, Stearns & Co.

Bergen Bank — Caisse des Dépôts et Consignations — Cazenove & Co. — Chase Manhattan Limited — Chemical Bank International Group

Citicorp International Group — Compagnie de Banque et d'Investissements (Underwriters) S.A. — Continental Illinois Limited — Dai-Ichi Kangyo International Limited

Daiwa Europe N.V. — Den Danske Bank af 1871 Aktieselskab — Deutsche Girozentrale —Deutsche Kommunalbank— — DG BANK Deutsche Genossenschaftsbank

Dresdner Bank Aktiengesellschaft — Fuji International Finance Limited — Genossenschaftliche Zentralbank AG Vienna — Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft

Groupement des Banquiers Privés Genevois — Goldman Sachs International Corp. — Hambros Bank Limited — Hessische Landesbank —Girozentrale—

Kansallis-Osake-Pankki — Kidder, Peabody International Limited — Kleinwort, Benson Limited — Kuhn Loeb Lehman Brothers International, Inc.

Kuwait Investment Company (S.A.K.) — LTCB International Limited — Manufacturers Hanover Limited — Marine Midland Limited — B. Metzler seel. Sohn & Co.

Mitsubishi Bank (Europe) S.A. — Mitsui Finance Europe Limited — Morgan Grenfell & Co. Limited — Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd. — Nippon Credit International (HK) Ltd. — Nomura Europe N.V. — Nordic Bank Limited

Norddeutsche Landesbank Girozentrale — Sal. Oppenheim Jr. & Cie. — Orion Bank Limited — N. M. Rothschild & Sons Limited — The Royal Bank of Canada (London) Limited

Sanwa Bank (Underwriters) Limited — Schröder, Münchmeyer, Hengst & Co. — J. Henry Schroder Wagg & Co. Limited — Skandinaviska Enskilda Banken

Société Générale — Sparbankernas Bank — Strauss, Turnbull & Co. — Svenska Handelsbanken — Union de Banques Arabes et Françaises—U.B.A.F.

Vereins- und Westbank Aktiengesellschaft — J. Vontobel & Co. — S. G. Warburg & Co. Ltd. — Wardley Limited Hong Kong

Westdeutsche Landesbank Girozentrale — Dean Witter Reynolds International — Wood Gundy Limited — Yamaichi International (Europe) Limited

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 11, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.3279
Algeria	Dinar	3.8325
Andorra	French Franc	4.962
	Spanish Peseta	85.425
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1940.50
Australia	Australian $	0.8584
Austria	Schilling	15.25
Azores	Portug. Escudo	56.20
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3769
Balearic Isles	Spanish Peseta	85.425
Bangladesh	Taka	15.7749
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	34.552
	B. Franc (F)	34.835
Belize	Belize $	2.00
Benin	C.F.A. Franc	248.10
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	8.16
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7387
Brazil	Cruzeiro	70.30
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.076
Bulgaria	Lev	0.87
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CamerounRepub'c	C.F.A. Franc	248.10
Canada	Canadian $	1.1973
Canary Islands	Spanish Peseta	85.425
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	248.10
Chad	C.F.A. Franc	248.10
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.602
Colombia	Col. Peso (O)	51.56
Comoros Islands	C.F.A. Franc	248.10
Congo(Brazzaville)	C.F.A. Franc	248.10
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7313
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.60
DemRep.SaoTome & Principe	S. Tome Dobra	36.3334
Denmark	Danish Krone	6.6045
Djibouti Rp. of	Djibouti Franc	171.402
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Egyptian pound	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	170.85
Ethiopia	Birr (O)	2.0525
Faroe Islands	Danish Krone	6.6046
Falkland Islands	Falkland Is. £*	2.3337
Fiji	Fiji $	0.801
Finland	Markka	4.045
France	French Franc	4.962
French C'ty in Af.	C.F.A. Franc	248.10
French Guiana	Local Franc	4.962
French Pacific Is.	C.F.P. Franc	77.1307
Gabon	C.F.A. Franc	248.10
Gambia	Dalasi	1.714
Germany (East)	Ostmark (O)	2.154
Germany (West)	Deutschemark	2.154
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3337
Greece	Drachma	50.85
Greenland	Danish Krone	6.6045
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.962
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	35.1624
Guinea Republic	Syli	19.9847
Guyana	Guyanese $	2.5582
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	5.29
Hungary	Forint	32.55
Iceland	New I. Krona	6.48
India	Ind. Rupee	8.16
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2999
Irish Republic	Irish Punt*	1.7322
Israel	Shekel	8.14
Italy	Lira	1018.50
Ivory Coast	C.F.A. Franc	248.10
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	203.80
Jordan	Jordan Dinar	0.3195
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	8.2172
Kiribati	Australian $	0.8584
Korea (Nth)	Won	0.94
Korea (Sth)	Won	662.50
Kuwait	Kuwait Dinar	0.2728
Lao P'pls D. Rep	New Kip	10.00
Lebanon	Lebanese Pound	3.8833
Lesotho	Loti	0.7668
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.9552
Luxembourg	Lux Franc	34.552
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	248.10
Madeira	PortugueseEscudo	56.20
Malawi	Kwacha	0.8523
Malaysia	Ringgit	2.241
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	496.20
Malta	Maltese Pound	0.3707
Martinique	Local Franc	4.962
Mauritania	Ouguiya	49.62
Mauritius	M. Rupee	8.0958
Mexico	Mexican Peso	23.49
Miquelon	French Franc	4.962
Monaco	French Franc	4.963
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirhem	4.5255
Mozambique	Moz. Escudo	28.8812
Namibia	Rand	0.7668
Nauru Is.	Aust. $	0.8584
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.354
NetherlandAntilles	Antillian Guild	1.80
New Zealand	NZ $	1.061
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	248.10
Nigeria	Naira (O)	0.5431
Norway	Norw'g Krone	5.459
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.87
Panama	Balboa	1.00
Papua N.G.	Kina	0.6504
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3416
Peru	Sol	356.00
Philippines	Ph. Peso	7.65
Pitcairn Islands	NZ $	1.061
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	56.20
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.6395
Reunion Ile de la	French Franc	4.962
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.3337
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.962
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	1018.50
Saudi Arabia	Saudi Riyal	3.34
Senegal	C.F.A. Franc	248.10
Seychelles	S. Rupee	6.712
Sierra Leone	Leone	1.2226
Singapore	Singapore $	2.076
Solomon Islands	S.I. $	0.7994
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7668
Spain	Peseta	85.425
Spanish Ports in North Africa	Sp. Peseta	85.425
Sri Lanka	S. L. Rupee	18.1043
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7668
Sweden	S. Krona	4.5985
Switzerland	Swiss Franc	1.9552
Syria	Syria Pound	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan Shilling	8.1844
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	248.10
Tonga Islands	Pa'anga	0.8584
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3985
Turkey	Lira	95.95
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8584
Uganda	Ug. Shilling	7.8205
United Arab Emir.	UAE Dirham	3.6728
United Kingdom	£ Sterling*	2.3337
Upper Volta	C.F.A. Franc	248.10
Uruguay	Urug. Peso	10.18
U.S.S.R.	Rouble	0.7139
Vanuatu	FNH	80.1875
Vanuatu	Aust. $	0.8584
Vatican	Italian Lira	1018.50
Venezuela	Bolivar	4.2935
Vietnam	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9285
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	29.37
Zaire Republic	Zaire	3.455
Zambia	Kwacha	0.8292
Zimbabwe	Zim $	0.6452

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2)—Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) From January 1, 1981, Iceland introduced a new crown equivalent to 100 units of old currency.

Dollar strong

Dollar's strength remained the major factor in the foreign exchange market yesterday, as the U.S. currency touched its highest level for over three years against the D-mark, and the firmeset point for over four years in terms of the French franc. The New York market was closed for Lincoln's birthday, but thelevel of trading was fairly active in Europe and later in the day with the opening of business in Chicago.

Sterling was strong against European currencies, gaining ground against the D-mark and French franc, but declining against the very firm dollar.

European currencies fell to the lowest level for several years against the dollar, with the lira falling to an all-time low. The French franc rose above its highest permitted level against the D-mark, while central banks intervened to relieve the strains on both the D-mark and Belgian franc against the French currency within the EMS.

DOLLAR — trade-weighted index (Bank of England) rose to *100.3 from* 99.4. The dollar rose sharply against European currencies, closing at the highest level since December 1977 against the D-mark at DM 2.1860, compared with DM 2.1490 on Wednesday. It finished at the highest point since December 1976 against the French franc at FFr 5.04, compared with FFr 4.9525. In terms of the lira the U.S. currency closed at a record high of L1032, against L1016.75 previously.

STERLING — trade-weighted index (Bank of England) rose to 104.3 from 104.2 after opening at 104.4 and easing to 104.3 at noon. The pound rose to DM 5.0625 from DM 5.0250 against the D-mark and to FFr 11.6650 from *FFr 11.5775 against* the French franc. The pound opened at a peak of $2.2215-2.3325 but quickly fell against the very strong dollar. *In the afternoon it touched a low* point of $2.3140-2.3150, and closed at $2.3150-2.3170, a fall of 2.15 cents on the day.

D-MARK—Remaining weak near the bottom of the European Monetary System, reflecting Germany's *poor balance of* payment's position and slower than expected economic growth rate. The recent rise of the U.S. dollar has prompted large intervention by the Bundesbank in the foreign exchange market, while tension in Poland remains a market factor—The D-mark lost ground to most major currencies at the Frankfurt fixing, with the dollar rising to its highest level since December, 1977. It was fixed at DM 2.1743 compared with DM 2.1493 without any intervention by the Bundesbank. Gloomy economic prospects for Germany and doubts about the stability of the ruling coalition government contrast sharply with the initial favourable reaction to President Reagan's economic policies. Sterling was fixed at DM 5.0570 compared with DM 5.0200, while the French franc rose to DM 43.3950 per 100 francs from DM 43.38, remaining just within its official ceiling of DM 43.4150, but central banks did intervene during the day to keep EMS currencies within agreed limits.

FRENCH FRANC—Strongest member of the EMS, trading around its ceiling against the D-mark and Belgian franc, prompting central bank intervention. Against the dollar, sterling and yen the franc remains weak however—The franc rose above its maximum allowed ceiling against the D-mark again, but at the same time touched the lowest *level against the dollar for the* first time since December 1976, and has appreciated by 10 per cent since the beginning of the year. *The D-mark* was fixed in Paris at FFr 2.3039, compared with an allowed limit of FFr 2.3033, with the dollar at FFr 5.0150.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.7581	+4.95	+1.02	±1.53
Danish Krone	7.72336	7.98389	+3.37	−0.56	±1.64
German D-Mark	2.48208	2.60460	+4.94	+1.01	±1.125
French Franc	5.84700	5.99975	+2.61	−1.32	±1.3567
Dutch Guilder	2.74362	2.82416	+2.94	−0.99	±1.512
Irish Punt	0.668201	0.697812	+4.43	+0.50	±1.668
Italian Lira	1157.79	1231.63	+6.38	+2.59	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Feb. 12	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3140-2.3325	2.3150-2.3170	0.60-0.70c dis	−3.37	2.75-2.85dis	−4.83
Canada	2.7750-2.7935	2.7775-2.7795	0.60-0.70c dis	−2.81	3.05-3.20dis	−4.50
Nethlnd.	5.46-5.50	5.48-5.49	2¼-1¾c pm	4.10	4¾-3¾ pm	3.10
Belgium	80.75-81.25	81.10-81.20	15-5c pm	1.48	15-5 pm	0.49
Denmark	15.46-15.51	15.47½-15.49½	¼-2ore dis	−0.82	4¼-6¾ dis	−1.45
Ireland	1.3510-1.3590	1.3550-1.3570	0.02-0.16p dis	−0.80	0.20-0.34dis	−0.80
W. Ger.	5.03-5.07½	5.05¾-5.06¾	2½-1½pf pm	3.85	4-3 pm	2.76
Portugal	130.70-131.50	130.80-131.10	80c pm-45 dis	1.80	80pm-165dis	−1.30
Spain	199.70-200.25	199.85-199.95	45-105c dis	−4.50	340-460 dis	−7.90
Italy	2,383-2,392	2,386½-2,388½	6¼-8¾lire dis	−3.64	29½-32½ dis	−5.19
Norway	12.67-12.76	12.69-12.71	2¾-1ore pm	1.77	1¾ pm-par	0.27
France	11.61½-11.69½	11.66-11.67	3¾-2¼c pm	3.34	7½-6¼ pm	2.31
Sweden	10.69-10.77	10.71-10.73	2¼-3¾ore dis	−3.64	13½-14½ dis	−5.27
Japan	472-480	474¾-475¾	2.35-1.95y pm	5.43	5.60-5.10 pm	4.50
Austria	35.65-35.85	35.77-35.82	16-12gro pm	4.69	35-27 pm	3.46
Switz.	4.59-4.64	4.61½-4.62½	3¼-2¼c pm	7.14	7-6 pm	5.63

Belgian rate is for convertble francs. Financial franc 81.75-81.85. Six-month forward dollar 5.60-5.75c dis. 12-month 9.00-9.30c dis.

THE DOLLAR SPOT AND FORWARD

Feb. 12	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3140-2.3325	2.3150-2.3170	0.60-0.70c dis	−3.37	2.75-2.85dis	−4.83
Ireland†	1.7080-1.7180	1.7080-1.7100	0.35-0.45c dis	−2.80	1.67-1.77dis	−4.02
Canada	1.1976-1.2002	1.1984-1.1987	0.02-0.06c dis	−0.40	0.02-0.07dis	−0.15
Nethlnd.	2.3550-2.3700	2.3630-2.3650	1.58-1.48c pm	7.77	4.75-4.65 pm	7.95
Belgium	34.83-35.06	35.04-35.06	17-15c pm	5.49	48-44 pm	5.26
Denmark	6.6800-6.6960	6.6835-6.6860	1.90-1.40ore pm	2.96	6.00-5.50 pm	3.44
W. Ger.	2.1625-2.1900	2.1855-2.1865	1.36-1.31pf pm	7.33	4.05-4.00 pm	7.38
Portugal	56.40-56.65	56.50-56.60	50c pm-par	5.30	100 pm-par	3.54
Spain	86.03-86.35	86.25-86.35	15c pm-10 dis	0.35	par-25 dis	−0.58
Italy	1,027-1,029	1,028½-1,029	½lire pm-½ dis	—	par-1 dis	−0.19
Norway	5.4595-5.4800	5.4760-5.4770	2.30-1.80ore pm	4.49	7.00-6.50 pm	4.93
France	4.9925-5.0450	5.0395-5.0405	2.93-2.83c pm	6.88	8.80-8.60 pm	6.93
Sweden	4.6160-4.6285	4.6270-4.6285	par-0.15ore dis	−0.19	par-0.15 dis	−0.06
Japan	204.25-205.50	205.20-205.30	1.45-1.30y pm	8.04	4.30-4.15 pm	8.23
Austria	15.36½-15.47	15.46-15.47	10.90-10.30gro pm	8.24	33.25-31.25pm	8.36
Switz.	1.9670-2.0020	1.9945-1.9955	1.82-1.74c pm	10.71	5.26-5.16 pm	10.47

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 12	Bank of England Index	Morgan Guaranty Changes%
Sterling	104.3	Unavail.
U.S. dollar	100.3	-
Canadian dollar	85.0	-
Austrian schilling	113.0	-
Belgian franc	107.6	-
Danish kroner	89.0	-
Deutsche mark	117.0	-
Swiss franc	131.1	-
Guilder	111.9	-
French franc	86.4	-
Lira	61.2	-
Yen	149.1	-

Based on trade weighted changes from Washington agreement Decembr, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.529435	0.517517
U.S. $	13	1.23623	1.20866
Canadian $	17.11	1.47915	1.44773
Austria Sch.	6¾	18.7981	18.4230
Belgium F.	12	42.6438	41.7321
Danish K.	11	8.14985	7.98623
D mark	7½	2.65703	2.60140
Guilder	8	2.88412	2.82150
French Fr.	9½	6.12799	5.99859
Lira	16½	1258.48	1231.32
Yen	7¼	Unavail.	246.325
Norwgn. Kr.	9	6.70284	6.57330
Spanish Pts.	8	105.501	103.159
Swedish Kr.	12	5.68419	5.56984
Swiss Fr.	3½	2.41188	2.36559
Greek Dr'ch.	—	—	61.4604

OTHER CURRENCIES

Feb. 12	£	$		£ Note Rates
Argentina Peso	5230-5250	2254-2264	Austria	35.30-35.70
Australia Dollar	1.9935-1.9955	0.8610-0.8615	Belgium	81.25-82.10
Brazil Cruzeiro	162.67-163.67	70.16-70.51	Denmark	15.35-15.50
Finland Markka	9.43-9.45	4.0760-4.0780	France	11.55-11.65
Greek Drachma	117.984-119.987	51.45-51.55	Germany	5.03-5.07½
Hong Kong Dollar	12.31½-12.33¼	5.3180-5.3210	Italy	2425-2520
Iran Rial	174.00*	74.50*	Japan	475-481
Kuwait Dinar(KD)	0.633-0.639	0.2732-0.2734	Netherlands	5.46-5.51
Luxembourg Frc.	81.10-81.20	35.04-35.06	Norway	12.68-12.78
Malaysia Dollar	5.2160-5.2270	2.2520-2.2540	Portugal	128-139
New Zealand Dlr	2.4725-2.4745	1.0645-1.0665	Spain	194-203½
Saudi Arab. Riyal	7.74-7.80	3.3405-3.3425	Sweden	10.71-10.81
Singapore Dollar	4.8350-4.8460	2.0875-2.0895	Switzerland	4.58-4.63½
Sth African Rand	1.7845-1.7855	0.7705-0.7710	United States	2.31-2.33
U.A.E. Dirham	8.51-8.57	3.6720-3.6740	Yugoslavia	83½-87¼

Rate given for Argentina is free rate. * Selling rate.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 12)

3 months U.S. dollars		6 months U.S. dollars	
bid 18	offer 18 1/8	bid 17 13/16	offer 17 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EXCHANGE CROSS RATES

Feb. 12	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.316	5.063	475.3	11.655	4.620	5.485	2388.	2.779	81.15
U.S. Dollar	0.432	1.	2.186	205.2	5.037	1.995	2.368	1031.	1.200	35.04
Deutschemark	0.198	0.457	1.	93.88	2.304	0.913	1.083	471.6	0.549	16.03
Japanese Yen 1,000	2.104	4.873	10.65	1000.	24.54	9.721	11.54	5024.	5.846	170.8
French Franc 10	0.857	1.985	4.340	407.4	10.	3.961	4.702	2047.	2.382	69.57
Swiss Franc	0.216	0.501	1.096	102.9	2.525	1.	1.187	516.8	0.601	17.56
Dutch Guilder	0.182	0.422	0.923	86.65	2.127	0.842	1.	435.3	0.507	14.79
Italian Lira 1,000	0.419	0.970	2.120	199.1	4.886	1.935	2.297	1000.	1.164	33.99
Canadian Dollar	0.360	0.834	1.822	171.0	4.198	1.663	1.974	859.3	1.	29.21
Belgian Franc 100	1.232	2.854	6.238	585.8	14.37	5.693	6.759	2942.	3.424	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅛-14⅜	17¼-17½	17-18	9-9⅛	3¾-4	9⅛-9¼	10½-10¾	15-17	10-11	8-8½
7 days' notice	14-14¼	17½-17¾	17-18	9 1/16-9 3/16	4⅝-4⅞	9⅛-9¼	10½-10¾	16¼-17¼	11¾-12	8⅜-8⅝
Month	14 1/16-14 3/16	17¾-18	17⅞-18¼	9¼-9⅜	6 1/16-6 3/16	9⅞-10	10¼-10½	17¼-18¼	12⅜-12⅝	8 7/16-8 11/16
Three months	13⅛-13¼	17 15/16-18 1/16	17½-17⅞	9 3/16-9 5/16	7 1/16-7 3/16	10 1/16-10 3/16	10 9/16-10 11/16	18-19	12¾-12⅞	8 7/16-8 11/16
Six months	12 13/16-12 15/16	17¾-18	16⅝-17	9¾-9⅞	7 1/16-7 3/16	10⅜-10½	11 9/16-11 11/16	18⅝-19⅝	12⅞-13	8 7/16-8 11/16
One Year	12⅝-12 13/16	16¾-17	15⅝-16	10 1/16-10 3/16	7 1/16-7 3/16	10 3/16-10 5/16	12½-12¾	18⅝-19⅝	13-13¼	8½-8¾

SDR linked deposits: one-month 13 23/32-14 3/32 per cent; three-months 13 23/32-14 3/32 per cent; six-months 13⅝-14 per cent; one year 13 7/32-13 9/32 per cent.

Asian $ (closing rates in Singapore) one-month 17¾-17⅞ per cent; three-months 17 15/16-18 1/16 per cent; six-months 17 23/32-17 29/32 per cent; one year 17-17⅛ per cent. Long-term Eurodollars two years 15⅞-16⅛ per cent; three years 15⅞-15⅝ per cent; four years 15½-15⅞ per cent; five years 15⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.50-17.60 per cent; three-months 17.50-17.60 per cent; six-months 17.40-17.50 per cent; one year 17.40-17.50 per cent.

INTERNATIONAL MONEY MARKET

German rates firm

German money rates retained their firm undertone in Frankfurt yesterday, reflecting a weakness in the D-mark and tight credit conditions. In its latest monthly report the Bundesbank saw little chance of a reduction in interest rates which had been called for to combat unemployment and stimulate the economy. It pointed to a continued outflow of funds, caused primarily by high U.S. interest rates, and continued domestic money *growth. A cut in interest rates* would be likely to exacerbate this situation and cause a further decline in the value of the D-mark. There *appears* to be no clear consensus at the moment as to whether the authorities will increase key lending rates. Any increase in the discount or Lombard rate would more than likely be announced at the next meeting of the Bundesbank Central Council on February 19.

In the money market call money was quoted at 9.075 per cent compared with 9.275 per cent on Wednesday, *while three*-month money rose to 10.05 per cent from 10.025 per cent. One-year funds remained at 10.175 per cent.

In Amsterdam call money was unchanged at 9-9¼ per cent, with longer term rates slightly firmer in places.

In Paris the Bank of France announced a FFr 1bn auction of 12-month Treasury bills to be held on February 16. Call money remained at 10¾ per cent.

UK MONEY MARKET

Further surplus

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day-to-day credit continued to be in good supply in the London money market yesterday, and the authorities took out some of the surplus by selling a moderate amount of Treasury bills, to banks and discount houses. The latter were paying 13-13¼ per cent for secured call loans at the start, with later balances taken down to 12½ per cent. The market was faced with a moderate amount of commercial bills maturing in official hands, but this was more than outweighed by a large excess of Government disbursements over revenue transfers to the Exchequer and bank balances brought forward a moderate way above target.

In the interbank market overnight loans opened at 13¾-14⅛ per cent and eased on the forecast of a moderate surplus to stand at 13 per cent around noon. Rates touched 12 per cent but came back *to 13¼ per cent* before falling away at the close to per cent.

GOLD

Continued weakness

Gold finished very weak in the London bullion market yesterday, falling $14 to $485-488. It opened at $494-497, the highest *level of* the day, and was fixed at $493.50 in the morning. In the afternoon the metal weakened before the opening of U.S. trading, reflecting the strength of the dollar during the day. Gold was fixed at $490.25 *in the afternoon, and closed at* the day's low.

In Paris the 12½ kilo gold bar was fixed at FFr 86,500 per kilo *($536.48 per ounce)* in the *afternoon*, compared with FFr 86,500 ($537.00) in the morning, and FFr 88,500 ($555.31) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,585 per kilo ($495.00 per ounce), against *DM 34,910 ($505.52) previously*, and finished at $489-492 compared with $499-502 on Wednesday.

In Zurich *gold* closed at $489-$492, against $499-502.

	Feb. 12		Feb. 11	
Gold Bullion (fine ounce)				
Close	$485-488	(£209½-210¾)	$499-502	(£213½-214¾)
Opening	$494-497	(£212¼-213½)	$505-508	(£216-217¼)
Morning fixing	$493.50	(£212.076)	$505	(£215.997)
Afternoon fixing	$490.25	(£211.406)	$501	(£214.689)
Gold Coins				
Krugerrand	$500-502	(£215¾-216¾)	$516-518	(£220¾-221½)
1/2 Krugerrand	$257-261	(£111-112¾)	$264-268	(£113-114½)
1/4 Krugerrand	$130-134	(£56-57¾)	$134-138	(£57¼-59)
1/10 Krugerrand	$54-58	(£23¼-25)	$56-60	(£24-25½)
Mapleleaf	$497-499	(£214¼-215½)	$513-515	(£219½-220¼)
New Sovereigns	$122½-123½	(£52¾-53¼)	$125-127	(£53¾-54¼)
King Sovereigns	$148-150	(£64-65)	$151-153	(£64½-65½)
Victoria Sovs	$148-150	(£64-65)	$151-153	(£64½-65½)
French 20s	$174-177	(£75-76½)	$171-174	(£73-74½)
50 pesos Mexico	$614-618	(£265-266¾)	$624-629	(£267-269)
100 Cor. Austria	$477-482	(£206-208)	$487-492	(£208¼-210½)
$20 Eagles	$623-628	(£269-271)	$631-636	(£270-272)

MONEY RATES

NEW YORK

Prime Rate	19-19½
Fed Fund	—
Treasury Bills (13-week)	—
Treasury Bills (26-week)	—

GERMANY

Discount Rate	7.5
Overnight Rate	9.075
One month	9.30
Three months	10.05
Six months	10.10

FRANCE

Discount Rate	9.5
Overnight Rate	10.75
One month	10.9375
Three months	11.6875
Six months	12.1875

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.625
Bill Discount (three-month)	8.65625

LONDON MONEY RATES

Feb. 12 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-14⅛	13-14¼	—	—	12½-13⅞	12¼-13¼	—	—	—
2 days notice	—	—	13⅞-14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14 5/16	14-14¼	—	14⅝	14⅛	13¾	—	—	—
One month	14 1/16-13 15/16	14-14 7/16	14⅛	15⅜-15⅛	14½	14⅛	13⅞	12 23/32-12 19/32	13½	14[illegible]
Two months	13 13/16-13 11/16	13 15/16-13 13/16	—	14¼-14	13 13/16	14¼	13-13¼	12⅝-12 9/16	13	13[illegible]
Three months	13¼-13⅛	13⅜-13¼	13¼-13⅜	13½-13¼	13⅛	13⅝	12⅛-12⅝	12½-12 7/16	12 15/16-12 13/16	13[illegible]
Six months	12¾-12⅝	12 13/16-12⅞	12⅝-12¾	13-12¾	13⅛	13½	—	—	11⅞	12[illegible]
Nine months	12 11/16-12⅜	12⅝-12¾	—	13¼-13	13	13⅝	—	—	—	—
One year	12 11/16-12⅜	12⅜-12 11/16	12½-12⅝	12⅞-12⅝	12 13/16	13⅝	—	—	—	—
Two years	—	—	12⅞-13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13-13¼ per cent; four years 13¼-13½ per cent; five years 13½-13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¾ per cent; four-month trade bills 12⅞ per cent.

Approximate selling rate for one-month Treasury bills 12 23/32-12⅝ per cent; two-months 12½-12⅝ per cent; three-months 12⅛-12⅜ per cent. Approximate selling rate for one-month bank bills 13 25/32-13⅞ per cent; two-months 12 23/32 per cent; three-months 12⅝-12 23/32 per cent; one-month trade bills 14 per cent; two-months 13½ per cent and three-months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from February 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11¾-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.4168 per cent.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Large quantities of tubes cut fast

A RANGE of single and multi-head tube-cutting machines which are claimed to employ a unique sawing principle have been introduced to the British market by Rivers Machinery, Easton Lane, Winchester (0962 60371). Of Italian origin, the machines are adapted and modified by Rivers to customers' special requirements.

The rotating sawblade remains in a fixed position and the tubes to be cut are revolved rapidly through the sawblade by a continuously rotating circular magazine feed, thus saving time in the cutting cycle since the blade is not withdrawn from the cut.

The high speed at which the tubes are cut necessitates an efficient and large-volume supply. Rivers has therefore incorporated an automatic bundle loader designed to feed the tubes continuously in time with the pre-set cutting rate. A photo-electric sensor automatically returns to the bundle loader any crossed or misaligned tubes.

On the offtake side separate rail-mounted containers accept the cut lengths of tube. Various handling systems are available to remove the full containers *and replace them rapidly with* empty containers.

The machines are available as standard with 7-metre beds, bundle loaders and magazines to accept 7-metre tube lengths, but non-standard lengths of machine can be supplied. The standard unit is available with from two to 10 cutting heads, all of which are independently adjustable to various cutting distances along the machine.

Another Rivers project, developed for use with the multi-head cutting machine, is automatic packaging equipment for preparing bundles of tube as they arrive from the tube-drawing mill or preparing bundles of shortened tubes as they come from the saws.

Mobile air compressors

A MOBILE 75 cu ft/min air compressor claimed to be the smallest and lightest for its capacity now available in Britain has been introduced by Sullair (UK), Horton Road, West Drayton UB7 8EB (08954 43355). The main feature of the machine, marketed as Model F21D, is the Sullair Secair twin-screw air pump which embodies in one unit all the functions of air/oil separation, inlet filtration, oil cooling and control valves together with all the relevant oil and air ducts.

Apart from reducing the number of components, hoses, connections, linkages and other ancillary parts, the Secair modular concept is claimed to permit a smaller and lighter total unit to be designed. Improved overall efficiency and less wastage of power are also claimed.

Sullair states that the F21D needs about 20 per cent less power to maintain its 75 cu ft/min free air delivery at 7 bar than conventional screw compressors of the same capacity. It is driven by a Deutz single-cylinder air-cooled diesel engine of only 12.8kW.

Mounted on a two-wheel trailer built to UK regulations, the compressor has an operating weight of 620 kg and overall dimensions of 2.6 metres by 880 mm by 1.12 metres. The muffled steel canopy is claimed to reduce noise output to 71dB (A) at full power.

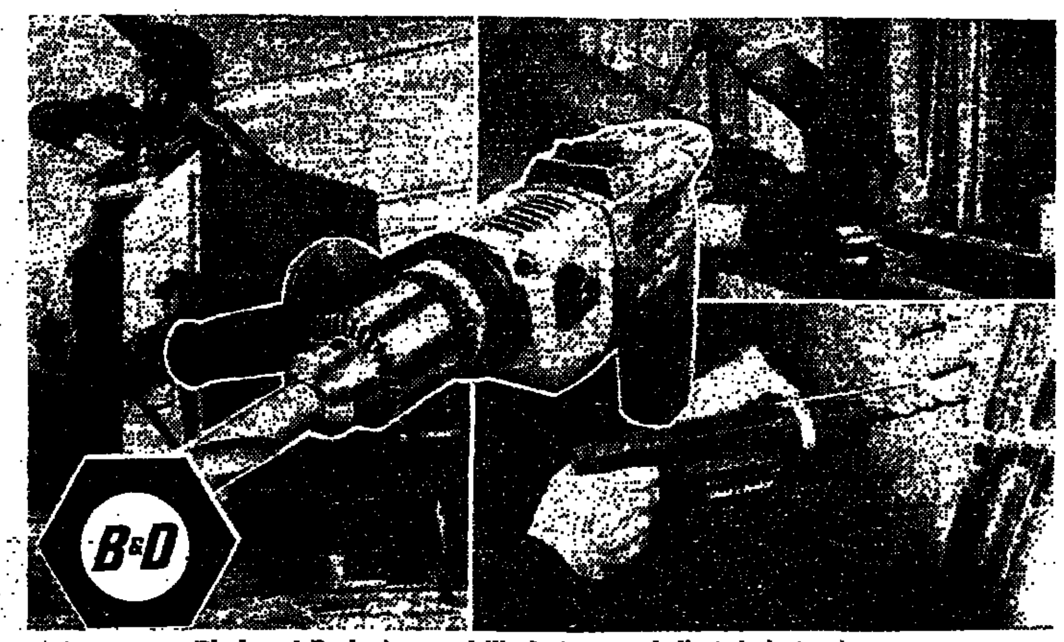
Tests motor cycle brakes

A SIMPLE, accurate and reliable method of testing the condition of motor-cycle brakes off the road is claimed to have been developed by Tecalemit Garage Equipment, Belliver Industrial Estate, Roborough, Plymouth PL6 7BW (0752 701212). It is a roller tester with a swivelling pedestal-mounted console carrying all the operating controls.

The flush-fitting roller bed is supplied complete with cover plates for mounting into a floor pit measuring 1,100 mm by 560 mm by 200 mm. Where the floor cannot be excavated the machine can be platform-mounted. The drive rollers are gritted for maximum tyre adhesion and can rotate at a speed equivalent to 2 kph in either direction.

Taking the electronic bit in its teeth

BY ALAN CANE



Black and Decker's new drill; first to use dedicated electronics

BLACK AND DECKER, the multinational power tool manufacturer, last month introduced a remarkable drill in its "Tradesman" professional range.

Catalogued as the GD 3099 Electronic, the drill is the first in a new generation of products from Black and Decker which marry its traditional skills in electric motor and gear production with the newest microelectronic technology.

Uncommitted logic

Most of the features built into the new drill are not unique—*Bosch, AEG and other Conti*nental manufacturers have had electronic products on the market for some time—but it is thought to be the first hand tool with dedicated control circuitry fabricated in the fashionable uncommitted logic array (ULA) technology.

Uncommitted logic, or gate array, technology (see this page, February 11) is a way of making microelectronic silicon chips to a *customer's specification* quickly and cheaply.

To design and manufacture a custom chip using conventional methods takes up to a year and costs £100,000 or more; with ULA, chips can be ready for sampling in three months at a cost of as little as £8,000.

Essentially the semiconductor manufacturer fabricates in volume (and therefore at volume price) standard chips bearing an array of electronic components. The customer specifies what the chip is to do and the manufacturer connects up the components in the appropriate way as the final stage of the chip-making process.

The UK has a lead in ULAs through Ferranti Electronics; Mr. Alex Sutherland, now director of engineering for Black and Decker's professional products division, was only its second customer (*Rollei* cameras was first) back in 1973. He was then interested in adding computer control to knitting machines; when he moved to Black and Decker, he took his experience of using Ferranti's ULAs with him.

Mr. Bryan Down, director of marketing for Ferranti Electronics, says: 'Black and Decker was looking for a sophisticated control circuit for their high *performance drills. Now the* electronic control of motor speed in such an appliance is particularly demanding. It involves a closed feed back loop.

"We ruled out the use of a microprocessor early on. Eventually we developed the circuit on a ULA we call a "digilin" array, a mixture of digital and analogue circuitry on the same chip. It was a chip of medium complexity—about 1,000 elements compressed into the silicon—and it took about six months to develop."

What Mr. Down emphasises is that while the glamorous end of the ULA business involves cramming more and more circuits on the chip—to suit computer makers, for example—there is a huge market in miniaturising comparatively simple circuits.

Productivity

Using discrete components, the control circuitry for the drill would fill a shoe-box. Using standard motor control chips and accessory circuits, the cost would be too high. Using the customised ULA, the controls fit into a drill as slim as conventional units and, at £69.00, only a few pounds more in price. Once in volume production, that price is expected to tumble.

*The result of all this develop*ment, the GD 3099 Electronic, is a combined rotary and percussion drill and screw driver with "soft start," fourteen speeds, electronic reverse action and torque control to maitain drill speed whatever the resistance.

Black and Decker is matching its interest in new technology products with new technology production methods. Its Harmondsworth, Middlesex, factory is complete with the latest Japanese (Hitachi Seiki), American (Gleason), Swiss and German turning and drilling equipment, much of it computer numerically controlled. Some £10m has already been spent in four years, and £15m is earmarked for the next three.

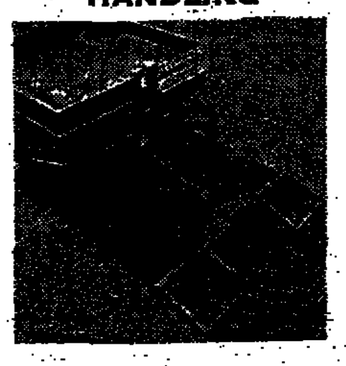
All of this, and plans for more electronic tools using ULAs, is aimed at a professional market, tradesmen and engineers, which should be worth £50m by 1988.

The chief hurdle, according to Mr. Walter Bailey, director of marketing for professional products, is a reluctance in the UK to use enough power tools: "Power tools are not seen as an aid to productivity by tradesmen in the UK. Buying a new tool is simply a distress purchase when the old one wears out or breaks."

Breaking technological barriers is one thing; breaking traditional ones, clearly another.

NEWS IN BRIEF

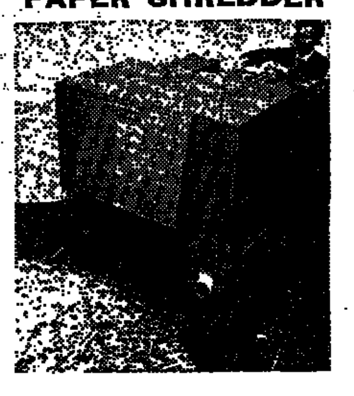
HANDLING



A HYDRAULIC towing beam system designed to lift and carry a damaged or broken-down car by its front or rear wheels has been introduced by Brimec (UK), Chapel Lane, Clay Hill, Bristol (651204) specifically for small recovery vehicles. It is also claimed to avoid damaging the front or rear ends of modern cars fitted with spoilers, integral bumpers, plastic number plates and so on. The towing beam is lowered from its erect travelling position and the recovered car is then pushed or winched on to the special wheel-carrying grids.

The beam and the grids are fully adjustable in length and direction, and the system, known as the Towlift, is claimed to carry most vehicles weighing up to 3.5 tonnes. When the car's front or rear wheels are resting on the grids they are secured with straps or chains. Power is supplied by an electro-hydraulic unit or directly from the recovery vehicle's gearbox. No power take-off pump is needed.

PAPER SHREDDER



A PAPER and card shredding machine manufactured by the French company Secap Sedi has been introduced to the British market by Portable Factory Equipment, Summit Works, Hockley, Birmingham B19 (021-554 7241). The machine, Model 707, has a paddle wheel device to permit large quantities of crumpled waste paper and cardboard to be shredded in bulk and a feeding width of 4 ft.

The 8 ins diameter cutters are mounted on heavy-duty shafts and driven separately by two 7.5 hp motors. The width of cut can be 3 mm, 6 mm, 9 mm, or 12 mm and the importer claims that up to 1 tonne per hour of material can be shredded.

DATA DISPLAY

COLOUR cathode-tube data-display monitors claimed to provide high standards of resolution, clarity and reliability at a *cost about 20 per cent* lower than that of competitive units have been developed by Cotron Electronics, Rockland Works, Eagle Street, Coventry CV1 (0203 21247). Known as DDC series, the monitors are designed for the clearest possible display of alphanumeric and graphic data generated by computers of any make.

The tubes are Japanese, while the circuitry and cabinets are manufactured by Cotron. There are three basic models, with 9 ins, 12 ins and 14 ins tubes. They are available in foam-reinforced plastics cabinets for free-standing operation or as open chassis units for incorporation into the customer's own vdu assemblies.

SECURITY

A CARD-ENTRY access control system for offices, factories and warehouses, claimed to be the first totally British system of its type, has been designed and developed by Tann Cardentry at its Westbury, Wiltshire, factory. In 1979 the company set up a special research and development team, backed by a NRDC grant, to design a system that would make full use of the latest microcircuitry.

The Tanncard used in the new system is also British, having been developed by EMI. It uses *Watermark Magnetics* encoding, claimed to provide the highest level of security coding now available. Two basic controller/readers are available. The simpler, known as the R100, is a card-only reader, programmed by inserting cards into the reader while the system is in a "learning" mode.

The R200 is a card/keypad reader capable of verifying a four-digit personal identity number which must be memorised by the card-holder.

FILTRATION

THE THEME of the 1981 International Conference of the Filtration Society is "Filtration and Separation Equipment Selection for Optimum Results."

The Society says papers have already been submitted by leading experts in industry, research institutes and many universities from ten countries.

To be held at the Cunard Hotel, London W6, from September 15-17 in conjunction with the FILTECH/81 exhibition at nearby Olympia on the same dates, details can be obtained from Derek Wyllie, Knights Place, Whichford, Shipston-on-Stour, Warwicks (060 884 341).

PROCESSES

A SOLDER oxide reducing agent for recovering pure solder from dross, introduced by Multicore Solders, Maylands Avenue, Hemel Hempstead, Herts (0442 3636), is applied directly to the surface of either static or wave solder baths. It is designed to recovery solder from both dross and the accumulated oxides.

The *process* takes a few minutes and the pasty residue remaining after the reduction process is completed can be removed from the bath with a scraper. Multicore claims that up to 75 per cent by weight of the dross may be recovered as clean solder. The agent, known as Dross-X and supplied in 1-litre containers, is said to be non-toxic, non-corrosive, non-contaminating and to emit negligible fumes at 250 deg C.

WORLD STOCK MARKETS

Easier early Wall Street bias

STOCKS ON Wall Street were mixed to easier at mid-session yesterday after slow trading, with investors remaining cautious about the outlook for interest rates.

The Dow Jones Industrial Average, after shedding six points on Wednesday, was 2.22 softer at 940.27 at 1 pm. The NYSE All Common Index receded 23 cents more to $73.24, while declines led gains by a *seven-to-five ratio. Turnover* amounted to 24.12m shares at 1 pm.

News on Wednesday of higher January retail sales sent stock prices lower as investors feared strength in the economy would keep upward pressure on prices and interest rates.

Analysts added that with banks closed yesterday for the Lincoln's Birthday holiday, investors were mostly on the side*lines. However, take-over* speculation helped some stocks.

Volume leader computer sciences lost 1⅞ to $16 on stating that second-half profits would be lower than that of the first-half, not higher as it said earlier.

Active NLT gained 1⅜ to $29½, it has periodically been the subject of takeover speculation. Active Bache rose ⅝ to $21⅜. First City Financial, controlled *by the Belzberg family*, has been seeking representation on the Bache board. First City holds about 17 per cent of Bache.

General Motors hardened ⅛ to $49½ and Owens-Illinois ½ to $29, both in active trading. They have been gaining in the past few trading sessions.

THE AMERICAN SE Market Value Index was 1.44 lower at $342.65 at 1 pm after volume of 2.54m shares.

Energy and Technology issues declined. Adams Resources and Energy receded 1⅜ to $27⅛ in active trading. It said a Utility is to cancel a coal contract.

Active Houston Oil eased ⅞ to $47 and Dome Petroleum 1⅞ to $67⅜. Wang Laboratories "B" slipped ½ to $34⅜ and Commodore International ⅜ to $34, but Syntex rose ⅞ to $63⅝ and Health-Chem $1 to $21.

Closing prices for North America were not available for this edition.

Canada

Markets further declined in moderate early dealings, the Toronto Composite Index receding 3.1 more to 2,229.6 at midday. Golds lost 93.9 to 40,094.2 *and Oil and Gas 26.9 to 4,444.2.*

Among Golds, Dome Mines, C$96 and Campbell Red Lake, C$60½, were off two points each.

Nowsco Well gained ⅛ to C$26⅛ on higher earnings and a dividend increase.

Texasgulf, trading delayed until noon, was off 1⅛ at C$63⅝ on smal volume. Five company executives, including its chairman, were killed in a plane *crash.*

Australia

Sharp declines in world bullion prices and weaker trends in base commodities sent the Minings sector into a further retreat yesterday, while Oils eased afresh on profit-taking and Uraniums were hard hit. Industrials, however, displayed a firm bias in light dealings, with the mean bright spots arising from actual or rumoured take-over situations.

The Australian All Ordinaries index shed 4.9 more to 658.3, Metals and Minerals 13.3 to 595.2 and Oil and Gas 12.0 to 892.9.

Among Golds, Central Norseman lost 40 cents to A$6.70, GMK 50 cents to A$6.90, Square Gold A1.00 to A$3.40, Poseidon 15 cents to A$4.60 and speculators' favourite Kitchener 80 cents to A$3.90.

In the Uraniums sector, Pancontinental receded 52 cents to A$9.98, Peko-Wallsend 50 cents to A$8.50, Queensland Mines 20 cents to A9.80 and ERA 8 cents to A$1.82.

The Shale Oils group had Central Pacific down 30 cents at A$5.80 and Greenvale off 25 cents at A$1.75. Mining Houses slumped 85 cents to A$1.75 after it was reported that the company *chairman had been arrested* and was on remand pending extradition.

CRA fell 25 cents to A4.65 and Western Mining 15 cents to A$4.70, but overall market leader BHP, ahead of today's expected results, held steady at A$13.80.

Tokyo

Trading resumed at a slow pace yesterday after Wednesday's holiday closure, with many investors staying on the sidelines due to the high level of outstanding margin trading buying contracts. However, there was some further scattered foreign buying which left the market with an overall mixed appearance.

The Nikkei-Dow Jones Average, after recovering 21.63 on Tuesday, was a slight 0.04 easier at 7,261.49, but the Tokyo SE index edged up 0.06 to 507.41. Volume came to 230m shares, against Tuesday's 250m.

Precision Instruments and high-priced Light Electricals ended with mixed movements following initial firmness. Fuji Photo Film gained Y19 to Y974, Sony Y60 to Y3,180 and Matsushita Electric Y6 to Y834, but Canon receded Y11 to Y812 and Victor Japan Y50 to Y2,450.

Toyota Motor put on Y12 to Y763, while Constructions, Cements, Oils and Motor Components mainly improved. Maeda Construction climbed Y23.

In contrast, Non-ferrous Metals, Coals, Machine Manufacturers, Pharmaceuticals and Foods declined on profit-taking. Fujisawa Pharmaceutical fell Y29 to Y931, Tanabe Y18 to Y800, Okuma Machinery Y30 to Y910, Morinaga Milk Y8 to Y422 and Meiji Seika Y17 to Y497.

Germany

Further bargain hunting by foreign investors early in the day was later countered by some selling and position squaring by professional traders, leaving share prices mixed on balance. The Commerzbank Index, which rallied 6.3 on Wednesday, shed 0.9 to 672.2.

Deutsche Babcock, the West German Machine Manufacturers, declined DM 3.30 to DM 282 on announcing that its dividends will be sharply reduced for the fiscal year ended September, 1980.

Elsewhere in Engineerings, GHH shed DM 1 to DM 187 after reporting little-changed first-half sales and amid concern over the future of subsidiary Schiedemann-Siemag's steel mill contract in China.

Deutsche Bank contracted with a rise of DM 3, as did Chemicals concern Schering with an advice of DM 5.

Preussag's higher dividend continued to generate interest, and the shares reached DM 137.30, up DM 2.30 for a two-day rise of DM 6.30.

Domestic Bond prices slipped as much as DM 1.00 again with yields adjusted to 10 per cent coupon rates appearing on the market. The Bundesbank announced a DM 900m Bundespost issue with a 10 per cent coupon priced to bring a 9.86 per cent yield. The Bundespost Bond, to be offered next Monday, was not enthusiastically greeted due to the high price, dealers said.

Hong Kong

With sentiment further depressed by market belief that there is little hope of a further decline in U.S. interest rates in the near future, Hong Kong shares generally relinquished more ground yesterday in moderate activity. The Hang Seng index retreated 28.10 to 1,575.95, making a loss for the past four days of 74.67 since the start of the Chinese New Year.

One of the few exceptions to the downtrend was Cross Harbour Tunnel, which advanced 85 cents to HK$10.60 after announcing an unpchanged final dividend.

Johannesburg

With the Bullion prices continuing to fall, Gold shares further receded but partially recovered before the close.

NEW YORK

Stock	Feb. 11	Feb. 10	Stock	Feb. 11	Feb. 10	Stock	Feb. 11	Feb. 10
Citicorp.	21⅞	22⅛	Georgia Pac.	27	27⅝	McGraw-Hill	41⅛	
Cities Service	43½	43¾	Geosource	52½	52⅛	McLean Truckg.	9¾	
City Investg.	21⅞	22⅛	Gerber Prod.	27½	27½	Mead	26¾	
Clark Equipment	34⅞	34⅞	Getty Oil	74⅛	75	Media Genl.	32	
Cleve Cliffs Iron.	34⅞	36	Giddings Lewis.	34⅝	33½	Medtronic	32½	
Clorox	10½	10½	Gillette	29⅞	29⅛	Mellon Natl	32½	32⅜
Cluett Peaby	10½	10½	Global Marine	56⅞	56	Melville	39⅝	39⅛
Coca Cola	33⅞	33⅝	Goodrich (BF)	22⅞	22⅞	Memorex	12	11½
Coca Btl.N.Y.	9⅜	9¼	Goodyear Tire	18⅛	18½	Mercantile Sts.	35	35
Colgate Palm	14⅜	14½	Gould	27	27	Merck	80¾	82
Collins Aikman	8⅞	9	Grace	52⅞	52⅛	Meredith	50¾	51¾
Colt Inds	48⅝	48⅛	Grainger (WW)	34⅛	34⅝	Merrill Lynch	32⅜	32¾

Stock	Feb. 11	Feb. 10	Stock	Feb. 11	Feb. 10
St. Paul Cos.	38¾	39⅝	Woolworth	24⅝	25
St. Regis Paper	36⅛	36⅝	Wrigley	35½	35⅛
Santa Fe Inds.	88¾	91⅛	Wyly	12⅞	13¼
Santa Fe Intl.	45½	47	Xerox	56⅞	55⅞
Saul Invest.	9⅝	9½	Yellow Frt Sys	18⅝	18⅜
Saxon Inds.	6	6⅛	Zapata	29⅜	29⅞
Schering Plo.	37½	37½	Zenith Rad.	15⅞	15⅞

CANADA

Stock	Feb. 11	Feb. 10
Abitibi	24⅞	24⅞
Agnico Eagle	14⅜	14¾
Alcan Alumin.	39⅛	40⅛
Algoma Steel	43½	43⅞
Asbestos	29½	29½
Bk Montreal	32⅛	32¼
Bk Nova Scotia	33¼	33⅝

BELGIUM (continued)

Feb. 12	Price Frs.	+ or —
Petrofina	4,965	—5
Royale Belge	4,200	—100
Soc Gen Banq.	2,150	—20
Soc Gen Belge	1,174	—26
Sofina	2,650	+70
Solvay	2,335	+20
Traction Elect.	2,170	+25
UCB	1,040	+14

HOLLAND

Feb. 12	Price Fls.	+ or —
ACF Holding	76.6	—0.4
Ahold	69	—2
AKZO	18.1	—0.2
ABN	283.5	—2.5
AMEV	94.3	—1.1
AMRO	55.7	—0.5
Bredero Cert.	214.5	
Bos Kalis	83.5	—0.5

AUSTRALIA

Feb. 12	Price Aust. $	+ or —
ANZ Group	4.45	—0.05
Acrow Aust	1.05	
Allstate Expl	1.35	—0.1
Ampol Pet	1.72	—0.02
Assoc. Pulp Pap.	2.25	
Audimco	0.22	—0.04
Aust. Cons. Ind.	2.1	—0.02
Aust. Guarant.	1.4	—0.04

JAPAN (continued)

Feb. 12	Price Yen	+ or —
Kubota	357	
Kumgaai	405	+15
Kyoto Ceramic	3,270	—80
Lion	490	+5
Maeda Cons.	550	+25
Makita	975	—5
Marubeni	356	—1
Marudai	770	—5

Indices

NEW YORK —DOW JONES

	Feb. 11	Feb. 10	Feb. 9	Feb. 6	Feb. 5	Feb. 4	1980/81 High	1980/81 Low	Since C'mpil't'n High	Since C'mpil't'n Low
*Industr'ls	942.49	948.63	947.18	952.30	946.78	941.98	1004.68 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	63.14	65.59	65.87	63.63	63.82	63.62	76.81 (25/6)	60.96 (18/12)	—	—
Transport.	396.54	401.19	402.34	408.64	404.70	400.52	425.68 (28/11)	256.99 (27/3)	425.68 (28/11/80)	12.23 (8/7/32)
Utilities	110.15	110.81	111.97	112.20	111.28	110.81	117.81 (6/1/81)	95.04 (27/3)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	37,770	40,820	38,330	45,820	46,520	45,520	—	—	—	—

*Day's high 954.44 low 938.98

	Feb. 6	Jan. 30	Jan. 23	Year ago (approx)
Ind. div. yield %	5.75	5.75	6.79	6.60

STANDARD AND POORS

	Feb. 11	Feb. 10	Feb. 9	Feb. 6	Feb. 5	Feb. 4	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	145.44	146.58	146.55	148.16	146.92	145.68	160.96 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	128.24	128.24	129.27	130.60	129.63	128.59	140.52 (28/11)	98.22 (13/2/80)	140.52 (28/11/80)	4.40 (1/6/32)

	Feb. 4	Jan. 28	Jan. 21	Year ago (approx)
Ind. div. yield %	4.70	4.57	4.53	4.92
Ind. P/E Ratio	9.09	9.23	9.30	8.22
Long Gov. Bond Yield	12.32	12.11	12.13	11.88

N.Y.S.E. ALL COMMON

Feb. 11	Feb. 10	Feb. 9	Feb. 6	1980/81 High	1980/81 Low
73.46	73.95	74.05	74.83	81.02 (28/11)	65.30 22/1/80

Rises and Falls	Feb. 11	Feb. 10	Feb. 9
Issues Traded	1,856	1,868	1,897
Rises	535	644	576
Falls	922	816	927
Unchanged	399	408	394
New Highs	—	30	39
New Lows	—	12	10

MONTREAL

	Feb. 11	Feb. 10	Feb. 9	Feb. 6	1980/81 High	1980/81 Low
Industrials	370.80	374.19	374.08	374.16	423.80 (28/2/80)	325.51 (27/3)
Combined	353.00	366.53	366.51	355.16	378.96 (20/10)	296.30 (27/3)
TORONTO Composite	2237.73	2255.0	2252.4	2249.7	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
General Motors	608,100	49¼	+1⅛	IBM	358,700	62⅞	—⅛
Greyhound	552,200	16¼	—	Contntl. Air	353,200	12⅞	+⅜
Prime Comp	475,700	28⅞	—½	Exxon	317,200	71⅛	—1½
Texas Utilities	384,700	16⅞	—⅛	Comp SCI	303,000	17⅞	+1
Owens-Illinois	365,200	28½	+1	General Tel. El.	292,000	28⅝	—⅛

	Feb. 12	Feb. 11	Feb. 10	Feb. 9	1980/81 High	1980/81 Low
AUSTRALIA						
All Ord. (1/1/80)	658.3	663.2	670.2	658.5	746.2 (17/11)	509.1 (8/1/80)
Metal & Minrls. (1/1/80)	595.2	608.5	619.1	607.6	818.0 (17/11)	492.5 (28/5)
AUSTRIA						
Credit Aktien (2/1/62)	84.09	84.01	84.37	84.27	89.48 (7/1/80)	84.01 (11/2/81)
BELGIUM						
Belgian SE (31/12/63)	85.51	85.21	82.72	82.89	105.76 (11/2/80)	82.42 (7/1/81)
DENMARK						
Copenhagen SE (1/1/75)	104.10	104.88	105.22	101.79	104.10 (12/2/81)	74.78 (6/3)
FRANCE						
CAC General (29/12/61)	107.0	106.80	107.2	107.6	120.5 (6/11)	97.1 (8/1/80)
Ind Tendance (31/12/80)	99.5	98.80	98.8	99.5	100.0 (31/12/80)	95.4 (27/1/81)
GERMANY						
FAZ-Aktien (31/12/58)	217.85	217.96	215.96	215.89	239.88 (25/2/80)	212.75 (28/3)
Commerzbank(Dec. 1953)	672.2	673.1	666.8	665.5	749.2 (25/2/80)	666.8 (9/2/81)
HOLLAND						
ANP-CBS General (1970)	89.5	89.5	89.7	90.8	98.0 (8/2/81)	74.8 (27/3)
ANP-CBS Indust. (1970)	67.1	67.1	66.7	67.4	68.2 (11/1/80)	58.2 (28/5)
HONG KONG						
Hang Seng Bank (31/7/64)	1575.95	1604.05	1622.16	1655.14	1654.57 (13/11)	738.9 (13/3)
ITALY						
Banca Comm. Ital (1972)	208.56	209.88	211.86	211.19	211.96 (10/2/81)	88.11 (2/1/80)
JAPAN						
Dow Average (16/5/49)	7261.49	(c)	7261.53	7239.90	7532.86 (2/2/81)	6475.93 (27/3)
Tokyo New SE (4/1/68)	507.41	(c)	507.35	505.95	511.94 (2/2/81)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	116.94	118.82	118.38	117.12	144.70 (14/2/80)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	771.55	763.78	764.56	770.94	771.55 (12/2/81)	429.75 (3/1/80)
SOUTH AFRICA						
Gold (1958)	(u)	693.6	641.7	650.1	1028.1 (22/9)	498.5 (18/3)
Industrial (1958)	(u)	562.3	565.8	550.2	660.5 (6/11)	445.0 (2/1/80)
SPAIN						
Madrid SE (30/12/80)	112.56	111.46	110.55	(c)	112.57 (12/2/81)	100.0 (30/12/80)
SWEDEN						
Jacobson & P. (1/1/58)	455.37	447.15	444.35	447.82	455.37 (12/2/81)	354.72 (17/1/80)
SWITZERLAND						
Swiss BankCpn.(31/12/58)	287.5	290.3	281.3	292.3	317.9 (11/2/80)	275.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	153.4	154.4	154.2	164.8 (20/11)	120.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. (c) Closed.

COMMODITIES AND AGRICULTURE

Brazilian coffee crop estimate up

RIO DE JANEIRO — Brazil's 1981-82 coffee crop is likely to reach around 30m bags (60 kilos each) according to Rio de Janeiro Coffee Trade Centre president, Sr. Fenelon Machado Neto.

Crop development so far has been favourable overall although dryness has affected some regions, he said.

The previous crop totalled around 20m bags.

The Brazilian Coffee Institute has not issued an official estimate for the 1981-82 (July to June) crop but its president, Sr. Octavio Rainho, said last month he expected it to be over 27m bags and perhaps as high as 30m.

In Boca Raton, Florida, Sr. Alexandre Beltrao, the International Coffee Organisation's executive director, said he doubted that the 1.4m bags of coffee remaining in current quarterly export allotments would be released before March 1.

The ICO director, attending the U.S. National Coffee Association convention, said export quota stamps covering the coffee should be kept off the market in case a drop in prices triggered another quota cut during the second quarter, ending March 31.

Current world prices did not justify releasing remaining coffee on to the market, he said.

Recently-implemented price stabilisation provisions in the International Coffee Agreement have forced producer countries to cut exports when prices are declining.

Reuter

World cotton production forecast rise

WASHINGTON — World cotton production in the 1980-81 season is now forecast at 65.2m bales of 480 lb, up 1.7 per cent from January's forecast but still below the 65.7m bales produced in the 1979-80 season, the U.S. *Agriculture Department said.*

In its world crop production report, the USDA said the larger world crop is due to an upward revision in China's output to 12.1m bales. Last month the department projected Chinese production at *11.0m bales.*

The USDA said the larger Chinese crop results from a 7 per cent increase in area for harvest and a 12 per cent increase in expected yields from last season's levels.

EEC heads of state may settle fish dispute

BY LARRY KLINGER IN BRUSSELS

FOLLOWING *the inconclusive* meeting of EEC Fisheries Ministers in Brussels this week, officials are becoming increasingly convinced that the fisheries dispute can only be settled through the intervention of Common Market heads of state.

The Fisheries Ministers, who had met almost solidly for three days, ended yesterday morning no closer to full agreement than when they had begun on Monday.

However, they pledged themselves to continue their efforts by submitting detailed position papers on their views to the European Commission and to meet again on March 9 and 10.

At that time Mr. Gerrit Braks of the Netherlands, the current President of the Council, is expected to present further proposals in an attempt to break the impasse over French claims for historical fishing rights in British waters.

This question of "access" is the most sensitive remaining obstacle to final agreement, and it is significant that the Ministers had discussed the issue in serious negotiation for the first time.

However, the meeting broke up in considerable confusion, leaving many high-elevel officials in the Council, Commission and national delegations *questioning once again* whether there was sufficient political will to forge a final compromise.

Indeed, there were several examples during the final day of the Council of unbending attitudes.

The French Government issued a statement from Paris saying that freedom of access and recognition of historic rights was the only basis for a common policy.

This is contrary to the British view, which insists that Britain must retain extensive "exclusive" and "preferential" areas in its waters.

On the other hand, the British once again told the West Germans that there was "no way" that they could approve the EEC-Canada fisheries agreement negotiated by the Commission until there was full agreement on a common policy.

West Germany, which has the only distant-water fleet of substance left in the EEC, must have quick ratification if the fleet is to meet its season in Canada.

The West Germans, forf their part, again made veiled hints that, as one of the paymasters of Europe, they might find it necessary to withhold funds from Community projects if agrement was not reached.

It was for these reasons, and others, that many high-level officials felt a breakthrough might only become possible through intervention by the Heads of Government of Britain, France and West Germany.

These officials said that, if final agreement in the five-year struggle was not in sight after the next Council, the issue would have to be referred to the European Summit meeting in the Netherlands on March 23 and 24.

Meanwhile, after the member-country submissions on access are studied by the Council Presidency and the Commission, Mr. Braks is expected to make detailed proposals along the lines of those he presented verbally this week.

These centred on the historical claims of EEC fishermen in British waters off the north of Scotland, including the Shetland and Orkney islands, and in the north of the Irish Sea.

Mr. Braks plan proposed limiting a 12-mile coastal zone to boats of less than 80 feet, thereby virtually reserving these areas for local fishermen. Further out from Scotland, in a range that was not specified, larger boats would have to be licensed.

In the north of the Irish Sea boats over 110 feet would require licences.

Copper concentrates slump fear

BY JOHN EDWARDS, COMMODITIES EDITOR

A PROTRACTED slump could develop in the copper concentrates market according to a special report currently being prepared by Metals and Minerals Research Services in London.

The report is particularly concerned with the effect on this important sector of the copper market as a result of increased exports of concentrates by the U.S. upsetting the traditional supply-demand balance.

It notes that U.S. concentrate exports to custom smelters rose sharply last year and will probably reach 200,000 tonnes this year following Anaconda's decision to send concentrates from its Montana plant to a group of Japanese smelters.

In 1976 U.S. exports of concentrates were only 13,500 tonnes. This rise in exports could be just the beginning if tighter U.S. pollution controls force additional smelters to *close and could* have a stunning effect on the concentrate market, the report comments.

At present every year about 1.2m tonnes of contained copper are exported by mining companies who have little or no smelting or refining capacity to custom smelting companies with little or no mining capacity. The concentrates normally contain between 25 and 30 per cent copper. The treatment and refining changes vary according to market conditions; at present, for example, the charges by custom smelters have risen sharply recently as a result of plentiful supplies of concentrates.

The report says there may be a temporary reduction in the surplus of custom copper concentrates in the 1982-84 period, when several big smelting projects are due to come on stream.

However, overshadowing all else are developments in the U.S., which could be heralding the start of a serious and protracted market weakness in which all concentrates producers could be adversely affected.

In Washington this week a *report by a* Congress subcommittee on mines and mining claimed that U.S. Government policies on the environment, taxes, investment and public land use contributed to the decline in domestic mine pro*duction capability, Reuter* reported.

The subcommittee staff are drafting legislation to encourage investment in domestic mining, based on recommendations in the report, which also criticised *the absence of a co-ordinated* federal policy on non-fuel minerals and strategic minerals. It recommended the establishment of an office of energy and minerals, reporting to the President.

Community wheat sales soar

WASHINGTON—wheat exports by the EEC during the 1980-81 season are expected to total 12.5m tonnes, up 30 per cent from the previous year, the U.S. Agriculture Department said.

In its roundup of world production and trade developments, the USDA said the large export surplus results from the 1980 bumper wheat crop of over 51m tonnes, some 5m tonnes above the large 1979 crop.

The USDA said export authorisations were brisk during *the first half of the 1980-81* season, and, although costly—the current wheat export subsidy is the equivalent of about $U.S.65 per tonne — large exports are likely to continue through the rest of the season.

The department *adjusted its* total 1980-81 world grain production forecast to 1,552m tonnes, up one half of 1 per cent from last month's forecast and about 1 per cent above the 1979-80 crop.

World wheat production is forecast at 441m tonnes, 1 per cent above last year.

World coarse grain production forecast of 714m tonnes is 3 per cent below the 1979-80 crop.

However the world rice crop is put at a record 397m tonnes, 3 per cent above the previous record crop in 1978-79.

Record cocoa output seen

WASHINGTON — Brazil's 1980/81 cocoa crop is forecast at a record 339,000 tonnes, compared with the weather-reduced crop of 290,000 tonnes in the previous season, the U.S. Agriculture Department's Attaché in Brasilia said in a field report.

Some slowdown is expected in Brazil's cocoa production expansion programme and the *present* production potential, estimated at around 325,000 to 350,000 tonnes, may be considered adequate by Brazil's cocoa policy planners, the report added.

In Abidjan meanwhile, a *cocoa producers'* alliance delegate's talks with Ivory Coast agriculture minister Mr. Denis Bra Kanon to persuade the country to join the International Cocoa Agreement, were described yesterday as not particularly encouraging.

Mr. Bra Kanon called for a ministerial meeting of cocoa producers within the next two weeks to discuss the international cocoa situation.

Reuter

NEW ZEALAND FARMING

WELLINGTON — New Zealand's $1.8bn-a-year meat exports are under threat following the *outbreak of* "a suspected exotic disease" which is feared to be the highly-contagious foot-and-mouth.

Minister of Agriculture Mr. Duncan Macintyre has quarantined the *affected* pig farm at Temuka, near Timaru in the South Island, and banned the movement of all animals between the North and South Islands.

Local police, bolstered by outside reinforcements, are manning road blocks to enforce the measures and the Ministry closed meat plants in South Canterbury.

Foot-and-mouth could wreck New Zealand's export trade, which agriculture specialists noted was underpinned by the fact that New Zealand is *recognised internationally* as a source of disease-free meat, produced and slaughtered in hygenic conditions.

The emergency action was ordered after pig farmer Mr. E. G. Dennis reported a mysterious disease among his pigs to his local veterinarian.

Tissue from pigs slaughtered on the farm today is on its way to Britain's world reference laboratory. If tests confirm the "suspected exotic disease" as foot-and-mouth, the development would have great implications for New Zealand's meat industry, Mr. Macintyre said.

"If it got loose and we were unable to control it we would be in a very shaky position," he added.

The disease may not be foot-and-mouth. There are diseases with similar symptoms, agriculture experts said.

But Australia today banned imports of animals and animal products from New Zealand until the disease was diagnosed.

Mr. Kevin Doyle, the officer in charge of the Australian Health Ministry animal quarantine branch, said the ban would cover meat, sheep, goats, cattle, pigs and horses but not cats and dogs. Recently arrived animals would be kept under surveillance and checks on passengers and their baggage from New Zealand would be increased.

Reuter

An economic equation

BY JOHN CHERRINGTON, RECENTLY IN NEW ZEALAND

A DIRECT comparison of the economics of British and New Zealand farming is difficult, but there are some basic criteria which do apply. A 75hp tractor costs $17,000 (£6,846) in New *Zealand* and about £8,500 in Britain. This year the New Zealand farmer would have to sell 1,160 lambs at present prices to buy one new tractor.

Not that sheep farmers buy many tractors at the best of times. But he would need a new four-wheel drive vehicle, and a Landrover or its Japanese equivalent would cost him some 900 lambs at least.

The British farmer, on the other hand, would have to sell no more than 340 lambs of the same weight to buy the tractor and 240 to buy the vehicle.

If wool sales are to be a calculating factor the New Zealand farmer would need the income from some 700 ewes to buy the tractor while his British counterpart would need only the income from 212 ewes, due in part to the higher fecundity of British sheep.

In the case of fertilisers, the New Zealand farmer would need the income from the sale of eight lambs to buy a tonne of superphosphate, while in Britain the same amount of plant food would cost the same as two lambs. Superphosphate is essential to grass growth in *New Zealand*. Without it fertility would soon disappear.

New Zealand counts the position of the sheep farmers as extremely serious. Not only are their prices a bedrock, but their other costs are rising and *there does not seem to be much* chance of their raising their returns, because their sales have to bear the escalating costs of getting their meat to a market. Every lamb for which the New Zealand farmer receives NZ$15 costs NZ$25 to get to the overseas wholesale market, whether it be Smithfield or the Middle East.

The cost of slaughter to fob is $11 and the balance is made *up of freights and duty into the* EEC, meaning Britain. Slaughter costs alone are three times those ruling in the UK.

New Zealand farmers blame the unions for this state of affairs, and certainly there is some truth in this. But it is equally true to say that the meat industry has been exploited at the farmers expense by many expatriate and national interests to an extent that would not be tolerated elsewhere.

At the moment, though, it does appear that the squeeze will begin to affect meat production. Beef herds have already been reduced through the operation of the same pressures on markets with farmers turning to lamb. Now it is possible that those farmers able to increase wool production might concentrate on this product, leaving lamb as a by product.

As an indication, sales of fertilisers are down by some 15 per cent this year—a sure sign of trouble. That many are still in business is because they are on land of low historic cost and they have learnt to cut their costs to an incredible degree over past bad years.

Of course if they would only realise that the best way to increase returns per lamb would be to reduce production, they might not have got into trouble in the first place.

At present lamb production *is rising and every one knows* it.

On the face of it dairy farmers are much in the same boat. The gross income of a good Jersey cow this year will be about NZ$400, so the milk of 45 cows will be required to buy the tractor. The milk of one cow would buy three tonnes of the basic fertiliser used. The gross income of the average British cow should be about £600, so the milk of no more than a dozen cows would buy the tractor and that of one cow buy 5 tonnes of fertiliser.

But by comparison with sheep farmers dairy farmers have been doing quite well. On farms in the Waikatt I visited, the stocking rate was one and a quarter cows to the acre and the income will be about $500 an acre gross.

The average fertiliser cost would be no more than NZ$40 an acre for 5 cwts, less than a tenth of the return from milk. The rest is all provided by the marvellous grass-growing potential of the pastures. Winter feeding is an allowance of about a dozen bales of hay made from surplus summer grass. The cows are dried off for the winter for about two months. The milk is all paid for on a butter fat basis. In Britain the cow producing 'L' 600 worth of milk on an acre would probably consume one and a half tonnes of compound feed costing $180 and fertiliser worth $70—over 40 per cent of the milk return for a start. When the costs of housing and winter feeding for six months are added in, there is not much to choose between the economics of milking cows in New Zealand or Britain.

I should emphasise though that butterfat prices are rising in New Zealand. Partly because of devaluation and also because of the marketing efficiency of *the New Zealand* Dairy Board which cooperatively markets all New Zealand milk to the wholesale level. Small wonder that sheep farmers on land of dairying potential are thinking of switching to cows.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed on the London Metal Exchange. Forward metal held steady around the £792 level throughout the morning. However, currency considerations and a fall in U.S. markets saw three months fall to a low of £785 before recovering a shade to close the late Kerb at £786. Turnover: 28,825 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	770.5-1	+2.5	763.5-4	-6.75
3 months	793-.5	+2	786-.5	-3.5
Settlem't	771	+2.5	—	
Cathodes				
Cash	772-3	+2	768-9	+.5
3 months	782-3	+1.5	778-9	-.5
Settlem't	773	+2	—	.....
U.S. Prod	—		*85	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £770.5, 771, three months £794, 93, 94, 95, 94, 94.5, 94, 93.5, 93. Cathodes, cash £773, 74, 73, 72, three months £783, 84. Kerb: Wirebars, three months £793, 93.5, 93. Afternoon: Wirebars, cash £763.5, three months £789.5, 790, 90.5, 90, 88, 87, 86, 86, 86, 85, 85.5, 86, 86.5, 86. Cathodes, cash £768, three months £779. Kerb: Standard, three months £785.5, 86, 86.5, 86, 85.5, 86.

TIN—Firmer as the rise in Penang prompted good stop-loss buying and lifted forward metal to £6,050 in the morning Rings. However, the price came under heavy hedge selling at this level and three months fell away to £6,010 before steadying on trade buying to close the late Kerb at £6,015. Turnover: 1,125 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5880-5	+27.5	5850-60	+18
3 months	6035-40	+40	6010-20	+17.5
Settlem't	5885	+25	—	—
Standard				
Cash	5880-5	+27.5	5860-70	+10
3 months	6035-40	+45	6010-20	+17.5
Settlem't	5885	+25	—	.....
Straits E.	$530.80	+0.25	—	.....
New York	—	.....		

Morning: Standard, cash £5,890, 86, 80, three months £6,040, 50, 45, 47, 45, 40, 35. Kerb: Standard, three months £6,035, 30, 25. Afternoon: Standard, three months £6,030, 25, 20. Kerb: Standard, three months £6,010.

LEAD—Gained ground, reflecting influential buying of cash metal which pushed three months ahead from £301.5 to the day's high of £305 prior to a close on the late Kerb of £302. Turnover: 6,600 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	295.75-6	+7.5	291.5-2	+2.75
3 months	304.5-5	+7.5	301.5-2	+3.5
S'ment	296	+7.5	—	.....
U.S. Spot	—	.....	*30-2	.....

Morning: Cash £296, 96.5, 96, three months £302, 03, 04, 05, 04, 04.5. Kerb: Three months £304.5, 04, 04.5. Afternoon: Three months £302, 01.5, 01, 02. Kerb: Three months £301.5, 01, 01.5, 02.

ZINC—Marginally easier with forward metal trading in a £3 range before closing the late Kerb at £320.5. Turnover: 3,100 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	308.5-9	-3.25	307.5-8.5	-3.5
3 months	320-1	-2.75	320-.5	-2.75
S'ment	309	-3.5	—	.....
Primw'ts	—	.....	*41.5	.....

Morning: Cash £308.5, three months £322, 21, 21.5, 20.5. Afternoon: Three months £320, 20.5, 21, 20.5, 20. Kerb: Three months £320.

ALUMINIUM—Easier despite the fall in sterling as stop-loss selling saw three months decline from £644.5 in the morning Rings to touch the day's low of £635 before a close on the late Kerb of £638.5. Turnover: 20,300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	627.5-8	+5.75	623-5	-4
3 months	645-.5	+8.75	638-.5	-4.5

Morning: Cash £628.5, 28, 27.5, three months £642, 43, 42.5, 43, 44, 44.5, *44, 43. Kerb: Three months £643, 42.5.* Afternoon: Three months £642, 42.5, 43, 43.5; 43, 42.5, 41, 40, 39, 38, 37, 38, 38.5. Kerb: Three months £639, 38, 37, 36, 35, 34, 35, 35.5, 36, 37, 38, 38.5, 38, 39.

NICKEL—Steady in routine trading with forward metal closing the late Kerb at £2,681.5. Turnover: 174 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2695-705	-10	2700-5	-2.5
3 months	2675-80	-10	2679-80	-3

Morning: Three months £2,685, 80. Afternoon: Three months £2,685, 80.

* Cents per pound. ‡ $M per kilo. † On previous unofficial close.

SILVER

Silver was fixed 10.85p an ounce lower for spot delivery in the London *bullion market yesterday* at 560.20p. U.S. equivalents of the fixing levels were: spot $13.01, down 33c; three-month $13.595, down 30.3c; six-month $14.085, down 33.8c; and 12-month $15.27, down 30.4c. The metal opened at 560p-558p ($12.8-$13) and closed at 540p-548p ($12.5-$12.7).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	560.20p	-10.8	542.5p	-27
3 months	578.75p	-10.4	560.25p	-27½
6 months	592.70p	-12.7	—	.....
12 months	632.70p	-12.7	—	.....

LME—Turnover 123 (128) lots of 10,000 ounces. Morning: Three months 574, 77, 76, 75.1. Kerbs: cash 559, three months 575, 76, 75. Afternoon: three months 563, 61, 64, 63.5, 65, 66, 60, 61, 60.5. Kerbs: three months 560, 61.

COCOA

Cocoa futures eased further in active conditions as trade houses continued to sell in front of producer offerings. Late speculative selling increased as New York prices opened at new life of contract lows. Physical business, however, was less active as consumers continued to wait for lower levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	829-830	-12.0	842-829
May	864-865	-7.0	873-863
July	889-890	-8.0	899-888
Sept	912-913	-7.0	921-912
Dec	942-943	-7.0	951-940
March	967-968	-6.0	974-969
May	987-988	-6.0	990-987

Sales: 5,393 (2,922) lots of 10 tonnes.

ICCO Futures—Daily price for February 11, 91.27 (92.31): five-day average 91.58 (91.69).

COFFEE

Another quiet session reflected the recent absence of physical activity and an unchanged fundamental situation. Early activity consisted of mainly cross and switch trading with the market tending to neglect currency fluctuations, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	983-986	-3.5	990-993
May	1002-04	-5.5	1008-999
July	1012-14	-6.5	1020-11
Sept	1028-30	-8.0	1032-28
Nov	1031-34	-11.0	1037-33
Jan	1035-54	-8.0	—
March	1030-80	—	—

Sales: 1,376 (1,771) lots of 5 tonnes.

ICO Indicator prices for February 11: (U.S. cents per pound): Other Mild Arabicas 125.00 (125.67) Robustas ICA 1976 114.13 (114.75); ICA 1968 114.38 (115.00); Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Old crop wheat opened 15p higher, trade was quiet in the morning session values easing slightly, however, they steadied after lunch to close 10p-20p higher on the day. Barley saw continued long liquidation on March and May from shipper sources, but short covering steadied values slightly to close 10p-25p down. New crop wheat saw continued hedge selling pressure and registered losses of 10p-20p, whilst barley held steady due to a real lack of sellers to close unchanged to 15p higher on September, reports Acli.

WHEAT			BARLEY	
M'nth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Mar	107.10	+0.10	95.45	-0.10
May	111.05	+0.20	99.00	-0.25
July	115.00	+0.25	—	—
Sept	98.80	-0.10	93.80	+0.15
Nov	102.50	-0.25	97.60	+0.05
Jan	106.45	-0.15	101.40	.....

Business done—Wheat: Mar. 107.30-106.95, May 111.30-110.90, July 115.05-14.80, Sept. 98.85-98.70, Nov. 102.45-102.45, Jan. 106.45-106.45. Sales: 171 lots of 100 tonnes. Barley: Mar. 95.55-95.30, May 99.25-98.90, July no trade, Sept. 93.80-93.65, Nov. 97.40-97.40, Jan. 101.40-101.40. Sales: 263 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: March 110.25 transhipment East Coast. U.S. Hard Winter, 13½ per cent: March 104, April 104.65 transhipment East Coast. English Feed, fob: March 112.50-112.75. Maize: French Feb. 123.00 resellers, transhipment East Coast. South African Yellow: March-April 87.50. Barley: English Feed, fob: April 102 paid. Rest unquoted.

HGCA—Locational ex-farm spot *prices. Feed barley: S.* East 94.50, S. West 96.30, N. West 95.00. Other milling wheat: N. West 108.40. The UK Monetary Coefficient for the week beginning Monday February 16 will remain unchanged.

RUBBER

The *London* physical market *opened* slightly easier, with fair interest throughout the day, closing quietly steady. Lewis and Peat reported an fob February price for No. 1 RSS in Kuala Lumpur of 301.75 (same) cents a kg and SMR 20 at 260 (258) cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Mar.	56.50-57.50	56.90-57.00	—
Apr.	57.90-58.40	57.90-58.60	58.10-57.90
Apr-Jne	58.10-58.20	58.90-59.00	59.40-58.70
Jly-Sept	62.50-62.80	62.10-62.20	62.70-61.90
Oct-Dec	65.40-65.60	65.10-65.20	65.70-65.50
Jan-Mar	68.30-68.40	68.10-68.20	68.40-68.00
Apl-Jne	71.30-71.40	71.10-71.20	—
Jly-Sept	74.40-74.50	74.10-74.20	—
Oct-Dec	77.40-77.50	77.20-77.30	—

Sales: 217 (279) at 15 tonnes and 36 (52) at 5 tonnes. Physical closing prices (buyer) were: Spot 56.25p (56.00p), March 60.75p (60.50p), April 61.25p (61.00p).

SOYABEAN MEAL

The London market opened slightly steadier on weaker sterling, reports T. G. Roddick. Prices eased on light commission house and trade selling to close with losses of around £1.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	—	—	—
April	121.00-21.4	-1.15	122.60-21.10
June	124.50-24.8	-0.70	126.00-24.50
August	126.50-27.5	-1.30	—
October	127.10-27.5	-1.85	128.50-28.00
December	127.00-29.5	-1.75	—
February	128.00-33.0	-1.00	—

Sales: 59 (76) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £280.00 (£270.00) tonne cif for Feb.-March shipments. White sugar daily price was £305.00 (£300.00).

The market opened some £5 above kerb levels, but keen selling developed at the highs and prices began to slip. The decline firmed throughout the day and the market closed at the lows some £15 below the best, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Mar	277.00-77.50	275.75-76.50	282.00-74.00
May	280.75-81.00	282.00-81.50	285.50-79.00
Aug	274.10-74.50	277.00-78.00	287.00-74.00
Oct	269.00-69.25	269.50-71.50	279.00-67.00
Jan	248.50-52.00	250.00-51.00	256.00-47.00
March	248.00-52.00	248.00-51.00	249.00-47.00
May	247.50-48.00	248.00-50.50	247.00-47.00

Sales: 11,643 (9,323) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £367.50 (£353.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for February 11: Daily price 25.80 (25.18); 15-day average 25.27 (25.26).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 267 tonnes, bring*ing the total for the week so far to* 631 tonnes. Business was rather more extensive, but some users avoided forward orders. Most of the offtake and demand involved American-type qualities.

WOOL FUTURES

BRADFORD WOOL—*Some easing in* values kept the tops market quieter. On the merino side topmakers are reluctant to reduce prices already low in relation to replacement costs.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Mar. 347, 350, 349, 4; May 350, 352, 352, 1; Aug. 360, 362, 367, 10; Oct. 370, 372, 375-372, 8; Dec. 376, 377, 378-376, 16; Jan. 377, 378, 379-378, 6; Mar. 381, 382, 382-381, 5; May 382, 384, 384-383, 5; Aug. 385, 386, 387, 1. Sales: 55.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per kilo. March 483.0, 485.0, 485.0-480.0, 196; May 491.2, 492.0, 491.7-488.0, 217; July 504.0, 505.0, 504.0-498.0, 305; Oct. 500.0, 501.0, 501.0-495.3, 55; Dec. 504.0, 505.0, 504.0-500.0, 32; March 508.5, 510.0, 510.1-507.0, 25; May 515.0, 518.5, —, —; July 520.5, 524.0, —, —. Sales: 830.

PRICE CHANGES

	Feb. 12 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810/815
Free Mkt	$1435/1465	-15	$1445/475
Copper			
Cash w'bar	£763.75	-3.75	£789.5
3 mths	£786.25	-3.5	£812.75
Cash Cathode	£768.5	+0.50	£768
3 mths	£778.5	-0.50	£792.5
Gold troy oz	$486.5	-14	$573.5
Lead Cash	£291.75	+2.75	£291
3 mths	£301.75	+3.5	£302.75
Nickel	£3,156	.....	£3,226.57
Freemkt	280/295c	.....	280/290c
Platin'mtr'y oz	£202	.....	£208
Freemkt	£205.30	-3.45	£232.45
Quicksilver†	$390/400	+5	$360/370
Silver troy oz	560.20p	-10.85	631.70p
3 mths	578.75p	-10.4	653.30p
Tin Cash	£5,865	+10	£6,017.5
3 mths	£6,015	+17.5	£6,165
Tungsten 22.04lb	$144.72	.....	$140.56
Wolfrm 22.04 lbs	$149/152	+1	$148/149
Zinc Cash	£308	-3.5	£328.5
3 mths	£320.25	-2.75	£340.75
Producers	$825	.....	$825
Oils			
Coconut (Phil)	$595v	-5	$615
Groundnut	‡	.....	‡
Linseed Crude	£400	.....	£430
Palm Malayan	$605y	-15	$620
Seeds			
Copra Philip	$395	-10	$430
Soyabean (U.S.)	$308	+3	$338
Grains			
Barley Futures	£99.00	-0.25	£96.35
Maize			
French	£123	.....	£121
Wheat			
No 1 Red Spg	‡	.....	‡
No2 HardWint	£10.4w	+0.25	£106
Eng. Millingt	‡	.....	‡
Other commodities			
Cocoa ship't	£915	-12	£955
Future May	£864.5	-7	£893
CoffeeF't'May	£1003	-5.5	£1060.5
Cotton A.Index	95.50c	-0.90	100.45c
Rubber (kilo)	56.25p	+0.25	57.25p
Sugar (Raw)	£280	+10	£290
Wooltops 64s kl.	309p kilo	.....	298p kilo

† Unquoted. w March. x March-April. v Feb.-March. y April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

POTATOES

LONDON POTATO FUTURES — The market overall had a steadier tone today, with further profit taking on April supporting prices. February 1982 opened at £7 premium over November, and increased to £7.40 by the close, reports Coley and Harper. Closing prices: Feb. 58.10+120 (high 58.10, low 56.80); April 55.90+90 (high 56.10, low 55.30); Nov. 63.30 — (high 63.30, low 62.00). Turnover: 139 (63) lots of 40 tonnes.

★

SMITHFIELD—pence per pound. Beef: Scotch killed sides 68.8-72.2, Eire hd qtrs 79-82.0, f qtrs 54.0-56.0. Veal: Dutch hinds and ends 104.0-109.0. Lamb: English small 70.0-74.0, medium 70.0-74.0, heavy 66.0-72.0. Imported frozen NZ pl 60.0-60.0, pm 59.0-60.0. Pork: English, under 100 lb 44.0-49.0, 100-120 lb 41.0-47.0, 120-160 lb 41.0-45.0.

MEAT COMMISSION—Average fatstock prices at representative markets on February 12. GB: Cattle 85.65p per kg lw (+1.35). UK: Sheep 160.78p per kg est. dcw (+5.98). GB Pigs 68.78p per kg lw (+1.33).

★

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.20-5.05; *Spania:* Navels 48/54/60 3.60, 70 3.40, 80/90/100/112/135/150 3.20; Moroccan: Navels 56/125 3.40-3.80; Cyprus: Shamoutis 16-kg 42/112 3.00.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.30-*£6.00, codlings £3.00-£4.80.* Large haddock £6.60-£7.50, medium £6.00-£6.70, small £3.20-£4.60. Best small plaice £3.00. Skinned dogfish, large, £12.50; Saithe £2.00-£2.50.

AMERICAN MARKETS

NEW YORK, February 12.

PRECIOUS METALS, copper and sugar declined sharply under the pressure of long liquidation forced by rising interest rates. The livestock complex sold off on weak fundamentals. Grains and soyabeans sold off sharply but recovered some of their losses on the close. Cotton was mixed most of the day, lacking any major buying interest. Coffe and cocoa were featureless with narrow trading ranges, with coffee ending slightly lower, reported Heinold.

Copper—Feb. 79.80 (80.50), March 80.35-80.60 (81.16), April 81.75, May 83.00-83.30, July 86.00, Sept. 88.10, Dec. 91.40, Jan. 92.45, March 94.55, May 96.35, July 98.15, Sept. 99.95, Dec. 102.65. Sales: 8,500.

Potatoes (round whites) — March 136.5-137.0 (136.3), April 166.4-167.2), Nov. 88.4. Sales: 2,012.

Sugar—No. 11: March 26.40-26.50 (27.79), May 26.80-26.90 (28.37), July 27.45, Sept. 26.45, Oct. 26.14, Jan. 24.04, March 23.98, May 23.78-23.80, July 23.60-23.80.

Tin—635.0-640.0. (647.0-650.0).

CHICAGO, February 12.

Lard—Chicago loose 19.00 (18.75).

Live Cattle—Feb. 62.35 (63.30), April 66.65-66.92 (66.92), June 69.65-69.55, Aug. 69.92-70.00, Oct. 68.30-68.40, Dec. 69.55, Feb. 70.50.

Live Hogs—Feb. 44.85-44.75 (45.45), April 47.65-47.70 (48.35), June 52.95-53.10, July 54.55-54.60, Aug. 53.50-53.40, Oct. 52.57, Dec. 55.77, Feb. 57.70, April 57.30.

‡‡Maize—March 360-361 (363), May 371-371½ (373½), July 378-380, Sept. 374½-374¾, Dec. 375½-375¾, March 385¾.

Pork Bellies—55.90 (56.90), March 56.50-56.60 (57.52), May 58.95-58.80, July 60.75-60.55, Aug. 60.15, Feb. 69.00.

Silver—Feb. 1265.0 (1310.0), March 1290.5 (1330.5), April 1306.0, June 1342.0, Aug. 1379.0, Oct. 1416.0, Dec. 1453.0, Feb. 1490.0, April 1527.0, June Aug. 1601.0, Oct. 1638.0, April 1749.0, June 1786.0, Aug. 1823.0.

†Soyabeans—March 739½-741 (751), *May 766-768 (776½), July 790-789, Aug.* 797-796, Sept. 801, Nov. 816-815, Jan. 833½, March 854.

||Soyabean Meal—March 213.0-213.5 (215.5), May 222.0-223.0 (224.6), July 229.6-229.8, Aug. 232.0-233.0, Sept. 235.0-236.0, Oct. 235.0-237.0, Dec. 239.9, Jan. 241.0-241.5, March —, May —.

Soyabean Oil — March 23.38-23.35 *(23.69), May 24.15 (24.52),* July 25.00, 24.95, Aug. 25.35-25.40, Sept. 25.70-25.75, Oct. 25.90, Dec. 26.50-26.55, Jan. 26.50-26.60, March 27.10-27.30, May —.

†Wheat—March 452-452½ (456¾), May 461½ (465¾), July 456½-457, Sept. 469½, Dec. 492, March —.

WINNIPEG, February 12. §Barley—*March 152.50 (153.10), May 154.30 (155.00), July 153.70, Oct. 154.30, Dec.* 153.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. *†† $ per metric ton.*

Wednesday's closing prices

††Cocoa—March 1872 (1905), May 1952 (1979), July 2025, Sept. 2080, Dec. 2155, March 2228, May 2292, July —. Sales: 1,796.

Coffee—"C" Contract: March 118.75-118.90 (121 00), May 123.50 (125.83), July 126.02-126.05, Sept. 129.00-129.25, Dec. 127.01-129.50, March 127.49-129.00, May 128.00-128.00, July —. Sales: 1,340.

Cotton—No. 2: March 87.10-87.25 (86.35), May 88.20-88.30 (86.71), July 88.40-88.59, Oct. 84.70-84.90, Dec. 81.70-81.80, March 82.50-82.80, May 83.50-84.00, July *84.00-85.00*. Sales: 6,500.

*Gold — Feb. 497.0-498.5 (509.0), March 501.4 (512.0), April 505.5-507.5, June 519.5-520.5, Aug. 533.5-534.0, Oct. 546.4, Dec. 559.5, Feb. 572.6, April 585.7, June 598.9, Aug. 612.1, Oct. 625.3, Dec. 638.6. Sales: 35,000.

Orange Juice — March 134.50-134.70 (136.25), May 139.30-139.50 (141.35), July 142.60-143.00, Sept. 145.00-145.70, Nov. 146.70-147.00, Jan. 146.20-146.40, March 147.20, May 148.50-149.00, July 150.00-150.50. Sales: 2,100.

*Platinum—Feb. 482.0 (488.0), March 485.5 (492.0), April 490.0-491.5, July 512.0, Oct. 533.0, Jan. 554.6, April 576.1. Sales: 1,964.

¶Silver—*Feb. 1308.0 (1351.0), March* 1310.0-1318.0 (1360.0), April 1332.0, May 1345.0-1352.0, July 1388.5, Sept. 1423.0, Dec. 1472.0, Jan. 1499.0, March 1535.5, May 1572.0, July 1608.5, Sept. 1645.0, Dec. 1699.0. Sales: 3,800. Handy and Harman bullion spot 1326.0 (1385.0).

CHICAGO, February 11.

Chicago Imm Gold—Feb. — (500.0), March 500.5-501.5 (511.5), April 507.3, June 518.5-519.6, July 526.2, Sept. 539.0, Oct. 545.4, Dec. 558.3, Jan. 564.8, March 577.7.

WINNIPEG, February 11. §Barley—March 153.10 (153.00), May 155.00 (same), July 154.50, Oct. 155.10, Dec. 154.10.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 273.65 (273.35).

EUROPEAN MARKETS

ROTTERDAM, February 12.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Feb. $222, Mar. $223, April $226, May $226. U.S. No. Two Red Winter Mar. $215, April $216, May $222. U.S. No Two Northern Spring 14 per cent Mar. $237, April/May $218, May/June/July $218, Aug. $219, Sept. $220.50.

Maize—Spot $168, AFL $162, Feb. $162, Mar. $165.50; April/June $175, July/Sept. $178, Oct./Dec. $179, Jan./Mar. $190.

Soyabeans—U.S. Two Yellow Gulfports spot fob $302, AFL $300, Mar. $306, April $314, May $317.70, June $323.50, July $326.60, Aug. $328.70, Sept. $330.80, Oct. $332.25, Nov. $332.75, Dec. $339 option. Argentina/Paraguay/Gulf/Brazil May $316, June $319, July $319 sellers.

Soyameal—44 per cent protein U.S. AFL $264, Feb. $264, Mar. $269, April $274, April/Sept. $286, Nov./Mar. $303. Brazil Pellets AFL $288, Feb. $288, Mar. $289, April/May $291.50, April/June $294.50, April/Sept. $288.

PARIS, February 12.

Cocoa (FFr per 100 kilos)—Mar. 951/57, May 976/81, July 998, Sept. 1046/57, Dec. 1075/83, Mar. 1105/10, May 1125/45. Sales at call 0.

Sugar (FFr per tonne)—Mar. 3481/3500, May 3430/350, July 3380/3430, Aug. 3369/80, Oct. 3230/80, Nov. 3170, Dec. 3050/3150, Mar. 3000/80. Sales at call 34.

INDICES

FINANCIAL TIMES

Feb. 11	Feb. 10	Month ago	Year ago
252.48	253.79	260.48	314.49

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Feb. 11	Feb. 10	Month ago	Year ago
Spot	423.33	422.36	442.46	473.28
Fut'rs	438.32	437.32	467.86	472.19

(Average 1924-25-26=100)

MOODY'S

Feb. 11	Feb. 10	Month ago	Year ago
1159.1	1166.3	1208.4	1485.1

(December 31, 1931=100)

REUTERS

Feb. 12	Feb. 11	M'nth ago	Year ago
1595.9	1591.7	1721.2	1839.4

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Leading industrials maintain upward momentum but Gilts mark time—Secondary Engineerings rally well

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan. 26	Feb. 5	Feb. 6	Feb. 16
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23

* "New time" dealings may take place from 9 am two business days earlier.

Still on thoughts that the Chancellor might produce a mildly reflationary Budget next month with some tax concessions to UK industry along with the expected reduction in Minimum Lending Rate, institutional buyers continued to show interest in selected equities. Yesterday's maintenance of MLR at 14 per cent had been widely expected and made no impression on sentiment.

The admission that the Government had been forced to adjust its economic strategy because of the depth of the recession also helped the equity market which, after displaying some hesitancy at the opening, resumed its recent good advance. This, despite a continuing tendency to hold funds back for today's British Aerospace offer.

A revival in recently depressed secondary Engineerings was seen as a healthy sign, and a busier day in the sector was sealed by late reports of a "tea-time" raid on F. Pratt: Capel-Cure Myers, on behalf of a corporate client, was said to be attempting to acquire a 14.9 per cent stake in F. Pratt, which closed 20 up at 90p.

Speculative enthusiasm was again evident for many bid candidates and situation stocks, while the Banking sector was notable for further gains in the main clearers and in Hire Purchase issues. Down 0.7 at the first calculation of the day, the FT Industrial Ordinary share index closed a net 3.7 up at 490.0, this measure has risen on 12 of the past 14 trading sessions.

The advance in short-dated Government securities stalled in the absence of any follow-through to Wednesday's support. Quotations hovered either side of overnight list levels before current trading stocks settled a shade easier on balance in contrast to small improvements elsewhere. The debut of the £20-paid short-medium tap stock, Treasury 12 per cent 1986, was unexciting although business was transacted at around par. Other stocks in the area occasionally hardened, but longer maturities were barely tested.

Imperial accounted for about half the business in Traded options, contributing 561 deals to a total of 1,142. Particular attention was paid to Imperial's February 70's with 190 trades and May 80's with 250. GEC also came in for support and recorded 164 contracts, of which the April 600's accounted for 100.

Lloyds & Scottish up

Lloyds and Scottish featured an active Hire Purchase sector, rising 11 to 158p on the Board's decision to withdraw from the UDT bid scene, thus leaving the way clear for the Trustee Savings Bank's 57p per share offer; UDT eased to 56p before closing a penny off at 57p. FNFC continued to reflect bid hopes with a fresh gain of a penny to 34p, after 34½p: the Warrants hardened a fraction to 4¾p. Still buoyed by favourable brokers' circulars, the major clearers made further good progress. Midland added 10 more to 340p, while Barclays put on 5 to 410p. Among merchant banks, renewed investment support lifted Hambros a further 10 to 655p, while Kleinwort Benson put on 8 to 252p. Discounts hardened in places. Cater Ryder rising 10 to 380p and Union 5 to 530p.

Hambro Life stood out in quietly firm Insurances with a rise of 8 to 327p.

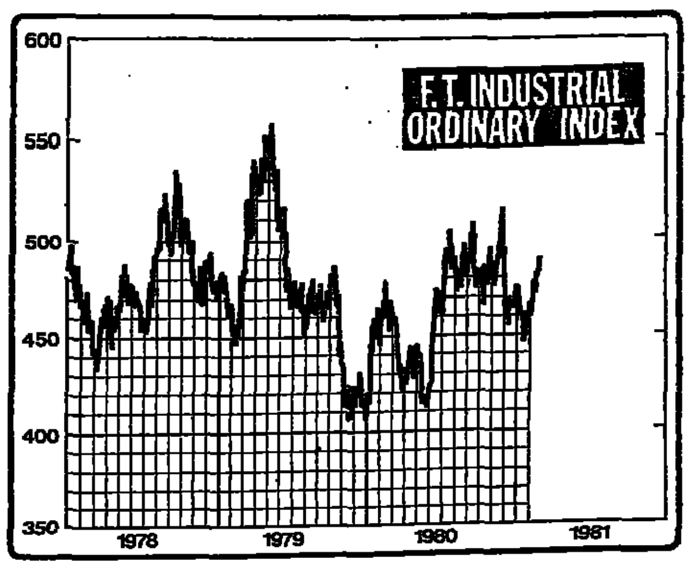
Selected secondary Building issues attracted fresh interest. Among the scattered gains, William Leech and F. J. C. Lilley both added 4 to 1980-81 peaks of 86p and 105p respectively. Sharpe and Fisher, 41p, Ruberoid, 68p, and John Finlan, 107p, all improved 4. Robert M. Douglas shaded to 91½p following the interim results. The leaders edged higher in quiet trading with Taylor Woodrow rising 6 to 482p and Redland 4 to 174p. Blue Circle also gained 4, to a 1980-81 peak of 382p.

Although business was curtailed by continued nervousness ahead of the preliminary results, due February 26, ICI picked up 4 to 296p. Fisons, a particularly poor market of late, rallied 5 to 123p. Other firm spots in Chemicals included Plysu, 5 dearer at 79p, and Stewart Plastics, 3 up at 100p. Hickson and Welch also added 3, to 145p, awaiting news of the annual meeting. Scottish Agricultural Industries hardened a penny to 168p despite the reduced annual profits.

Aquascutum firm

Leading Stores opened on a firmer note and, although business was reduced to a trickle in the afternoon, most retained modest gains. Burton found support and touched 110p before closing 3 up on balance at 108p, while Mothercare, 218p, and Debenhams, 77p, both added 2. Renewed support lifted Aquascutum 3 to 37p with the "A" a similar amount up at 36p. Bakers Household, 112p, and Peters, 125p, rose 6 and 5 respectively, while bid hopes continued to bolster John Menzies, 7 up for a two-day gain of 16 at 309p.

Leading Electricals trended firmer with GEC closing 10 higher at 645p, Plessey 4 to 300p, and Racal 3 to 358p. BICC found support at 192p, up 5, while improvements of 7 and 14 respectively were seen in First Castle Securities, 106p, and Unitech, 242p. Muirhead, on the other hand, declined 4 more to 100p on fading bid hopes. Lee Refrigeration shed a similar amount to 98p.



Secondary Engineerings had another active session as buyers continued to show interest. Recently firm on the results, F. Pratt stood out again with a jump of 20 to 90p prior to the late disclosure that the Board is negotiating the sale of Hamblin and Wingate, an optical concern acquired only last year, and reports of Capel-Cure Myers' attempts to acquire a 14.9 per cent stake in the company at a price of 85p per share. Rises of around 7 were seen in Expanded Metal, 55p, ML Holdings, 265p, and Pegler-Hattersley, 152p, while Moss rose 5 to 97p and Yarrow 10 to 270p. Howard Machinery, in which Diamond Industries of the U.S. acquired a near-15 per cent stake last week, improved 2 more to 26p, while Christy Bros. put on 4 to 28p as did Babcock and Wilcox, to 95p. By way of contrast, William Cook of Sheffield fell 3 to 10p on the halved interim dividend, the first-half profits contraction and forecast of a loss in the second half. With the exception of Hawker, which eased 4 to 272p, the leaders moved higher. Vickers added 4 to 152p and GKN 3 to 148p.

Renewed investment buying lifted Avana 8 to a 1980/81 peak of 219p. Robertson, the subject of Avana's share-exchange offer, currently worth around 164p, also rose 8, to 160p. Also in Foods, Sidney C. Banks firmed 2 to 96p on the good half-yearly profits and the chairman's confident statement. In the leaders, Tate and Lyle improved 2 to 162p, while Rowntree Mackintosh added 4 to 170p, after 172p, the latter following favourable Press comment. J. Sainsbury eased 3 to 365p, but Kwik Save rose 4 to 174p.

Singapore-based Seaview Hotels gained 19 more to 197p on the company's property interests. Among UK caterers, Kennedy Brookes found fresh support and added 3 to 108p.

Metal Box up again

Metal Box continued to improve among miscellaneous industrial leaders with a rise of 6 to 186p. Awaiting the annual report, Rank Organisation put on 5 to 164p, while Glaxo rose 4 to 268p as did Unilever, to 459p. Reed International also improved 4, to 204p, and BOC International, ahead of next Wednesday's first-quarter figures, touched 120p before closing a net penny better at 119p. Elsewhere, Fothergill and Harvey gained 14 to 121p on speculative support, while Crest Nicholson continued to reflect the results with a rise of 8 to 142p. Prevailing bid hopes helped Chubb edge forward another penny to 93p, after 95p, while Booker McConnell revived with a speculative improvement of 5 to 60p. Pritchard Services also put on 5, to 137p, as did Smiths Industries, 263p and Durapipe International, 28p. Bestobell advanced 10 to 326p and Aeronautical and General added a similar amount to 370p.

A couple of pence lower immediately in front of the announcement, Dowty spurted to close 21 up on balance at 214p after interim profits at the top end of market expectations. Distributors were selectively firm. British Car Auction remained a good market and touched 78p before settling for a net gain of 2½ at 76p. Arlington rose 3 to 94p.

Olives Paper Mills firmed 3 to 27p in response to a Press mention, while further support was seen for Mills and Allen, 10 higher at 350p.

Properties went ahead as interest rate optimism returned and, despite the unchanged Minimum Lending Rate, usually retained useful gains. The leaders were particularly good with Land Securities rising 6 to 403p and MEPC 5 to 240p. Stock Conversion rose 7 to 347p, while British Land and Capital and Counties added 3 apiece to 101p and 122p respectively. Buying ahead of next Monday's half-yearly results lifted Westminster and Country 3 to 60p, while Greycoat Estates gained 8 to 194p on speculative interest. A property revaluation helped London Shop Property to rise 5 to 131p, while Rosehaugh put on 6 to a 1980/81 peak of 248p.

CCP good

Leading Oils steadied after the recent spell in the doldrums, British Petroleum and Shell, both marginally firmer at one stage, subsequently reverted to the overnight levels of 410p and 418p respectively. Renewed interest was shown in Lasmo, which rose 18 to 665p. Elsewhere, CCP North Sea put on 25 to 305p, after 310p, on vague takeover rumours and Buchan Field prospects. Cluff, a good market of late on a farm-out agreement with BP, rose 10 more to 375p. Transatlantic issues Double Eagle, 230p, and Warrior, 240p, shed 15 and 20 respectively on a withdrawal of speculative support.

Investment Trusts displayed a firmer appearance. River and Mercantile rose 8 to 244p following the increased annual dividend and proposed 100 per cent scrip issue, while a similar proposal in River Plate and General's deferred left the latter 6 up at 231p.

Stag Line dipped 12 to 420p on disappointment with the increased offer of 430p cash per share from Hunting Gibson, 3 easier at 136p. Ropner, which holds a near-30 per cent stake in Stag, rose 5 to 188p, with the A 3 up at 177p. Consideration of asset values and hopes of further takeover developments in the sector prompted good rises in Common Bros., 18 dearer at 310p, and Walter Runciman, 10 up at 138p, after 142p.

Increased speculative demand prompted a gain of 7 to 82p in Textured Jersey.

Preliminary earnings from Imperial Group proved to be much as expected but relief at the maintained dividend lifted the shares a penny to 80p.

London Sumatra, 340p, lost the previous day's gain of 40 following comment pitching any offer from Harrisons and Crosfield at around 330p per share; H and C rallied 25 to 787p. Other Plantations continued to respond to speculative support and Castlefield (Klang) jumped 20 to 480p, while Guthrie advanced 60 to 725p.

Golds drift

Mining markets drifted throughout the day in idle trading following the further decline in the bullion price—finally $14 cheaper at $486.50 an ounce.

Activity in South African Golds fell to minimal levels. An initial mark-down was followed by light general selling before prices steadied to close a fraction above the day's lows. The Gold Mines index gave up 7.6 more to 307.0—a fall of 33.2 over the past three days.

In the heavyweights, St. Helena were notably weak, dropping ¾ to £16, while losses of around ½ were common to Randfontein, £25, Hartebeest, £24½, and Southvaal, £11⅝. Medium- and lower-priced issues showed Durban Deep 38 down at 819p, Blyvoor 29 off at 657p and Venterspost 19 easier at 452p.

South African Financials moved similarly to Golds. Middle Wits relinquished 30 to 650p, UC Investments gave up 15 to 460p and Gencor 25 more to 725p.

The fall in precious metal prices affected Platinums where Impala lost a further 15 to 315p and Rustenburg 12 to 224p.

Weak metal prices and a further setback in overnight Sydney and Melbourne markets prompted another decline in Australians. Golds proved vulnerable with GMK 10 off at 330p, Poseidon 7 lower at 224p and North Kalgurli 2 cheaper at 57p.

In the leading base-metal issues, CRA gave up 10 to 282p, Peko-Wallsend a like amount to 415p and Pancontinental 20 to 490p.

FINANCIAL TIMES STOCK INDICES

	Feb. 12	Feb. 11	Feb. 10	Feb. 9	Feb. 6	Feb. 5	A year ago
Government Secs.	69.07	69.10	69.06	69.17	69.30	69.33	66.97
Fixed Interest	70.55	70.44	70.41	70.66	71.15	71.12	67.64
Industrial Ord.	490.0	486.3	485.5	480.9	480.5	479.0	473.9
Gold Mines	307.0	314.6	334.6	340.2	325.8	307.6	365.4
Ord. Div. Yield	7.33	7.38	7.39	7.44	7.44	7.55	7.01
Earnings, Yld. % (full)	16.56	16.49	16.62	16.53	16.65	16.9	17.33
P/E Ratio (net) (*)	7.47	7.41	7.40	7.38	7.35	7.25	7.11
Total Bargains	20,386	21,735	23,029	23,141	22,938	21,454	27,606
Equity turnover £m.	—	109.95	128.87	118.29	151.39	121.39	198.07
Equity bargains total	—	18,505	18,194	17,011	18,568	16,886	22,688

10 am 485.6. 11 am 489.4. Noon 489.8. 1 pm 490.4. 2 pm 490.4. 3 pm 490.5.

Latest Index 01-246 8026.

*Nil=6.90.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	65.85 (7/5/80)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	74.06 (24/7/80)	64.70 (10/5/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 12	Feb. 11
—Daily		
Gilt Edged	109.4	107.9
Industrials	104.5	102.4
Speculative	27.2	35.0
Totals	68.9	68.5
5-day Avrge.		
Gilt Edged	115.4	121.0
Industrials	105.3	104.2
Speculative	38.6	40.2
Totals	71.5	71.9

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (103)

BRITISH FUNDS (5)
AMERICANS (3)
BANKS (2)
BUILDINGS (12)
DRAPERY AND STORES (5)
ELECTRICALS (4)
ENGINEERING (8)
FOODS (4)
HOTELS (2)
INDUSTRIALS (19)
INSURANCE (1)
MOTORS (1)
PAPER (2)
PROPERTY (14)
SHIPPING (3)
TEXTILES (3)
TRUSTS (11)
OIL AND GAS (3)
RUBBERS (1)

NEW LOWS (12)

BEERS (1)
Tomatin
CHEMICALS (1)
BASF AG
ELECTRICALS (1)
Highland Elec.
ENGINEERING (5)
Cohen (A) — Utd Wire
Cook (W.) (Sheffield) — Wood (S. W.)
Ductile Steels
INDUSTRIALS (3)
Hallam Sleigh — Rolls and Nolan
M'chester Ship Cnl.
MINES (1)
Bougainville

YESTERDAY RISES AND FALLS

	Up	Down	Same
British Funds	13	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	8	[illegible]	[illegible]
Industrials	384	[illegible]	[illegible]
Financial and Prop.	228	[illegible]	[illegible]
Oils	19	[illegible]	[illegible]
Plantations	9	[illegible]	[illegible]
Mines	24	[illegible]	[illegible]
Others	34	[illegible]	[illegible]
Totals	659	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
GEC	25p	9	645	+10	645	326
European Ferries	25p	7	160	−2	192	98
Imperial Group	25p	7	80	+1	89½	70
Midland Bank	£1	7	340	+10	384	308
BICC	50p	6	192	+5	192	95
GKN	£1	6	148	+3	279	133
Plessey	50p	6	300	+4	300	108
Shell Transport	25p	6	418	—	522	314
Allied Breweries	25p	5	63½	+½	89	62
Blue Circle	£1	5	382	+4	382	229
Crest Nicholson	10p	5	142	+8	142	69½
ICL	25p	5	40	+3	196	31
ICI	£1	5	296	+4	402	282
Land Securities	50p	5	403	+6	405	237
UDT	25p	5	57	−1	69	35

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8
Mar. 9	Mar. 20	June 11	June 22

For rate indications see end of Share Information Service

Stocks to attract money for the call included FNFC, Duport, ICL, Reardon Smith A, Lincroft Kilgour, William Press, Westland Aircraft, GKN, Carrington Viyella, London Investment Trust, Birmid Qualcast, UDT, Turner and Newall, Levex, Cons. Gold Fields and Simmer and Jack. A put was done in FNFC, while doubles were arranged in Lonrho and Simmer and Jack.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Thurs., Feb. 12, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Feb. 11 Index No.	Tues. Feb. 10 Index No.	Mon. Feb. 9 Index No.	Fri. Feb. 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	301.67	+1.2	13.84	5.47	8.82	298.13	298.15	295.16	293.80	258.52
2	Building Materials (26)	270.39	+0.8	17.30	6.39	6.89	268.12	268.54	264.03	260.87	244.27
3	Contracting, Construction (26)	460.43	+0.5	19.82	5.52	6.07	457.98	457.25	455.84	451.53	375.33
4	Electricals (27)	998.99	+1.4	8.73	2.62	14.15	985.56	985.40	982.09	982.68	642.77
5	Engineering Contractors (11)	404.04	+1.1	14.76	6.40	8.64	399.63	390.00	392.95	389.64	306.54
6	Mechanical Engineering (71)	176.53	+1.6	16.58	7.54	7.54	173.71	173.89	171.00	170.94	173.75
8	Metals and Metal Forming (13)	140.75	+1.2	18.74	11.86	6.77	139.12	139.12	135.75	133.25	169.27
9	Motors (21)	87.26	+0.1	22.00	9.57	5.24	87.19	87.80	87.61	86.62	114.33
10	Other Industrial Materials (16)	301.07	+1.1	15.22	7.13	7.81	297.69	296.92	292.34	289.99	0.00
21	CONSUMER GROUP (198)	247.85	+0.6	15.35	6.37	7.98	246.25	245.93	245.34	245.24	225.14
22	Brewers and Distillers (20)	267.42	+1.0	17.32	6.84	6.85	264.80	265.02	263.18	265.85	252.21
25	Food Manufacturing (23)	221.52	+0.6	17.75	7.15	6.69	220.28	220.28	218.84	219.10	208.78
26	Food Retailing (14)	473.72	−0.1	9.78	3.38	12.08	474.20	476.04	471.48	466.92	308.22
27	Health and Household Products (7)	270.45	+1.1	9.84	5.28	12.08	267.64	263.67	264.48	264.73	219.22
29	Leisure (22)	350.91	+0.8	15.93	6.52	7.74	348.02	347.45	347.73	349.19	312.47
32	Newspapers, Publishing (12)	440.10	—	20.74	7.09	6.26	439.89	436.88	435.79	435.99	455.30
33	Packaging and Paper (15)	121.50	+1.1	26.29	9.99	4.41	120.22	120.12	118.88	116.41	134.86
34	Stores (44)	259.33	+0.3	11.47	4.86	11.42	258.63	258.21	259.00	258.86	222.29
35	Textiles (21)	132.10	+0.6	19.45	10.21	6.72	131.35	131.14	130.56	129.31	134.43
36	Tobaccos (3)	224.78	+1.5	25.53	10.36	4.46	221.41	222.39	221.98	219.89	214.30
39	Other Consumer (17)	238.50	+1.1	15.99	8.87	7.65	235.87	236.33	234.04	232.40	0.00
41	OTHER GROUPS (79)	217.59	+1.0	16.06	7.85	6.62	215.49	215.67	214.48	214.69	215.44
42	Chemicals (15)	282.64	+1.2	20.67	9.39	5.66	279.25	279.87	279.16	281.42	314.46
44	Office Equipment (6)	102.12	+1.9	18.23	8.13	6.51	100.21	100.68	101.13	102.66	123.10
45	Shipping and Transport (13)	564.23	−0.1	13.47	6.52	9.11	564.83	568.58	558.86	550.18	494.05
46	Miscellaneous (45)	266.83	+0.9	16.60	6.39	7.41	264.50	263.41	261.56	260.27	255.99
49	INDUSTRIAL GROUP (488)	262.61	+0.9	15.17	6.25	7.99	260.30	260.16	258.71	258.26	236.37
51	Oils (12)	870.21	—	27.60	6.05	4.04	870.59	878.73	883.73	875.98	813.64
59	500 SHARE INDEX	310.75	+0.7	17.88	6.20	6.58	308.64	309.15	308.20	307.18	281.90
61	FINANCIAL GROUP (118)	246.27	+1.2	—	5.42	—	243.40	243.33	241.84	240.54	203.13
62	Banks (6)	242.31	+1.6	42.22	7.04	2.84	238.41	236.59	228.78	228.71	235.19
63	Discount Houses (10)	309.18	+1.2	—	5.82	—	305.62	305.19	305.12	307.79	240.75
64	Hire Purchase (5)	226.58	+3.9	10.03	4.52	13.14	218.12	218.43	218.16	217.46	181.92
65	Insurance (Life) (10)	260.24	+0.8	—	5.07	—	258.13	258.77	258.76	258.41	176.53
66	Insurance (Composite) (9)	154.69	+0.3	—	7.56	—	154.22	153.87	153.95	153.97	133.63
67	Insurance Brokers (9)	316.45	+1.4	14.41	7.32	9.49	311.95	313.92	311.51	309.23	287.68
68	Merchant Banks (13)	149.52	+1.4	—	5.18	—	147.48	148.35	148.77	147.90	105.46
69	Property (45)	483.50	+1.5	3.07	2.56	45.25	476.52	478.66	482.10	475.12	371.49
70	Miscellaneous (11)	176.06	+0.6	15.58	5.26	8.16	175.05	174.33	172.17	170.39	137.13
71	Investment Trusts (109)	284.08	+1.1	—	5.35	—	281.08	280.18	277.51	276.35	241.41
81	Mining Finance (3)	204.21	+0.2	16.06	6.56	7.42	203.87	205.43	201.31	200.76	224.26
91	Overseas Traders (20)	437.53	+2.1	11.74	6.96	10.37	428.37	433.95	427.94	432.83	436.51
99	ALL-SHARE INDEX (750)	296.72	+0.8	—	6.03	—	294.30	294.72	293.34	292.34	265.40

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Feb. 12	Day's change %	Wed. Feb. 11	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.62	+0.03	107.60	—	1.58
2	5-15 years	109.91	+0.02	109.88	—	1.54
3	Over 15 years	113.69	−0.02	113.71	—	0.85
4	Irredeemables	128.02	+0.09	127.90	—	0.00
5	All stocks	110.13	+0.01	110.12	—	1.27

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs. Feb. 12	Wed. Feb. 11	Year ago (approx.)
1	Low Coupons	5 years	11.50	11.54	12.30
2		15 years	12.35	12.32	12.30
3		25 years	12.44	12.42	12.30
4	Medium Coupons	5 years	13.36	13.35	14.48
5		15 years	13.89	13.88	13.90
6		25 years	13.69	13.69	13.85
7	High Coupons	5 years	13.34	13.32	14.95
8		15 years	14.12	14.12	14.45
9		25 years	13.88	13.87	14.19
10	Irredeemables		11.59	11.60	11.26

		Thur., Feb. 12 Index No.	Thur., Feb. 12 Yield %	Wed. Feb. 11	Tues. Feb. 10	Mon. Feb. 9	Friday Feb. 6	Thurs. Feb. 5	Wed. Feb. 4	Tues. Feb. 3	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.23	†14.21	52.09	52.07	52.07	52.13	52.15	52.14	52.12	51.18
16	Investment Trust Prefs. (15)	50.89	13.30	50.64	50.64	50.64	50.69	50.69	50.69	50.69	47.86
17	Coml. and Indl. Prefs. (20)	67.14	13.37	68.38	68.38	68.32	68.27	68.32	68.18	68.09	61.81

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a) (c) (g)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers (a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Charterhouse Fund Managers (g)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Burlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs. (a) (c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (c) (g)

Hill Samuel Unit Tst. Mgrs. (a)

Intel

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L. & C. Unit Trust Management Ltd.

Legal & General (Unit Trust Managers) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Trust

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd.

Norwich Union Insurance Group (b)

Northgate Unit Trust Managers Ltd. (c)(y)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a)(z)

Scottish Equitable Fnd. Mgrs. Ltd.

Scotbits Securities Ltd.

Security Selection Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Trustee Savings Bank

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

Tyndall Managers Ltd.

Vanbrugh Life Assurance

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capitalrex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Clawton Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

First Viking Commodity Trusts

Fleming Japan Fund S.A.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅔	93⅝	Treasury 9¼pc 1981‡‡	99⅔	+⅛	9.79	12.56
98¼	91¼	Exch. 8¼pc 1981	98⅛	......	8.38	13.89
98⅞	92¼	Exch. 9½pc 1981	98⅜	......	9.64	12.79
95⅝	85½	Exch. 3pc 1981	95⅝xd	+⅛	3.13	12.01
99¾	96½	Treas. Variable '81§§	99⅞	......	13.02	13.96
100⅞	95⅞	Exch. 12¼pc 1981‡‡	100⅜	......	12.72	12.36
96⅝	88½	Treas. 8½pc '80-82‡‡	96⅝	......	8.79	12.45
94¾	82½	Treasury 3pc '82‡‡	94¾xd	+¼	3.16	8.56
102⅝	96⅝	Treasury 14pc '82‡‡	101⅝xd	......	13.78	12.43
98⅝	94¼	Treas. Variable '82§§	98½	......	13.11	14.10
94⅞	86⅛	Treasury 8¼pc '82	94⅞	......	8.71	12.52
94⅝	86⅞	Exch. 9¼pc 1982	94⅝	......	9.77	13.03
93½	85	Exch. 8¼pc 1983	93⅛	......	9.33	12.57
88⅛	76½	Exch. 3pc 1983	88⅛xd	+½	3.40	9.60
98⅞	90⅞	Treasury 12pc 1983‡‡	98⅛xd	−⅛	12.21	13.05
96⅞	90⅝	Treas. Variable '83§§	96⅝	......	13.37	14.64
93⅞	84½	Treasury 9¾pc '83	92⅞	−⅛	9.95	12.76
102⅞	94¼	Exch. 13½pc '83	100⅞	−⅛	13.37	13.04
93¼	84½	Exch. 10pc 1983	92⅞	−⅛	10.76	13.06
85¼	76½	Funding 5½pc '82-84‡‡	85¾	+⅛	6.41	11.36
97⅞	87¼	Exch. 11¼pc 1984	95½xd	−⅛	11.78	13.11
104⅞	94½	Exchequer 14pc 1984	102⅝	−⅛	13.68	12.99

LOANS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		Public Board and Ind.				
64½	56½	Agric. Mt. 5pc '59-89	63	......	8.01	12.30
84	73½	Alcan 10½pc '89-94	77½	......	15.12	16.20
30	25	Met. Wtr. 3pc 'B'	28¼xd	......	10.56	12.77
104½	89	U.S.M.C. 9pc 1982	102	......	8.95	—
94½	85½	Do. without Warnts.	94½	......	9.73	14.80
		Financial				
101½	93½	FFI 14pc '83	100¼	......	13.97	14.00
91½	79½	FFI (UK Fn) 5½pcDb. '80-2	88½xd	......	6.19	13.69
82½	71½	Do. 6¼pcDb. '81-84	81½	......	7.80	13.00
93	80½	Do. 10¼pc Uns.Ln. '86	89½	......	11.86	13.78
92½	77	Do. 11pc Uns.Ln. '88	89½	......	12.57	13.40
96	82	Do. 11¾pc Uns.Ln. '90	89½	......	13.29	14.10
101	84½	Do. 12½pc Uns. Ln. 1992	88½xd	......	14.12	14.60
67	56	Do. 7¼pcADeb. '89-92	62½	......	11.92	14.20
66½	51½	Do. 7¼pcADeb. '91-94	59½xd	......	12.18	14.80
76½	64½	Do. 9pc 'A' '91-94	68xd	......	13.23	14.45
71½	61	Do. 8¾pcLn. '92-97	66xd	......	13.44	14.20

FOREIGN BONDS & RAILS

1980-81 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	62½	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	£3.10
58	18	Chinese 4½pc 1898	25	......	—	—
45	17	Do. 5pc 1912	22	......	—	—
24	11	Do. 5pc 1913	16	......	—	—
24	11	Do. 5pc '25 Boxer	13	......	—	—
97	88¼	Denmark 13pc 2005	90¼	+¼	13	14.71

AMERICANS

CANADIANS

1980-81 High	Low	Stock	Price	+ or —	Div. Gross	Cvr	Yld Gr's
10½	570p	Hawker Sid. Can.‖	860p	−5	96c	—	3.9
22⅜	12¾	Hollinger $5	17⅛	......	$2.20	—	4.5
11½	812p	Hudson's Bay ‖	905pxd	−18	†$1.20	—	4.6
14¼	765p	Hud.B.Oil G. $2½	915p	−35	57.5c	—	2.2
21⅔	11⅛	Imperial Oil‖	12	−⅛	$1.40	—	4.1
14	765p	Inco‖	840pxd	−10	$US72c	—	3.6
565p	425p	Int. Nat. Gas $1	490p	......	$1.00	—	7.2
495p	135p	Massey Ferg.‖	185p	−20	—	—	—
200p	97p	Place Gas $1	103p	+3	—	—	—
14⅞	10½	Rio Algom	11½	−⅛	$1.50	—	4.6
21¼	14¼	Royal Bk.Can. $2	21⅞xd	+⅛	$2.88	—	4.7
27½	15⅞	Seagram Co. C$1	23⅞	−⅛	US$1.48	—	2.5
13⅞	890p	Tor. Dom. Bk. $1	12⅞xd	−⅛	$1.52	—	4.3
10½	750p	Trans Can. Pipe	895p	+5	$1.16	—	4.5

COMMONWEALTH AND AFRICAN LOANS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
94¼	82¼	Aust. 5½pc '81-82	94¼	......	5.96	13.03
85½	72½	Do. 6pc 1981-83	85¼	......	7.14	12.94
67¾	59	N.Z. 7¼pc 1988-92	65	......	11.29	13.48
82¼	72	Do. 7½pc '83-86	79	......	9.57	13.43
98	88	Sth. Africa 9½pc 79-81	90	......	9.96	16.42
160	95	S. Rhod. 2½pc Non-Ass.	117	−4	—	—
50	31	Do. 3½pc 80-85 Assd.	43xd	−3	8.13	25.10
32	20½	Do. 4½pc 87-92 Assd.	27	−1	16.72	23.00
381	270	Zimbabwe Ann (£100s)	343	−17	—	27.79

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OVERSEAS TRADERS

High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]								
*939	589	H'rsns. Cros. £1	787	+25	t28.0	1.9	5.1	(12.5)
500	308	Inchcape £1	425xd	+5	t18.15	2.0	6.1	9.8
45	20	Jacks Wm.	22		‡1.4	3.2	‡	3.9
40	9	Jamaica Sugar	36		ϕ	—	—	—
*120	72	Lonrho	101xd		10.0	ϕ	14.1	ϕ
53½	37	Mitchell Cotts	45½	+½	3.61	1.5	11.3	(7.1)
140	88	Nesco Invests.	140		t7.0	1.1	7.3	(28)
45½	32	Ocean Wlsns. 20p	41		h2.25	1.1	7.8	(7.1)
472	170	Pat'son. Zoch. 10p	472		10.5	5.7	3.2	7.9
470	170	Do. 'A' N/V 10p	470		10.5	5.7	3.2	7.8
88	55	Sime Darby M$0.5	87		Q13c	2.6	3.0	12.5
175	113	Steel Bros.	132		48.0	3.1	8.7	4.8
83	49	Tozer Kems. 20p	51		4.77	3.2	13.4	2.9
£97	£84	Do. 8pc Ln. '81	£97		Q8%	227.3	f8.5	—
34	20	U. City Merc. 10p	20		d1.4	2.4	10.0	6.0
33	20	Do. 10pc Ln. 26p	20		Q10%	80.4	f9.3	—
*219	122	Warren Plants.	218	−1	t10.0	2.7	6.6	7.2

RUBBERS AND SISALS

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
143	95	Anglo-Indones'n	120		t3.33	3.2	4.0
127	73	Barlow Hldgs. 10p	110	+2	3.0	1.1	3.9
81	37	Bertam Cons. 10p	74		0.8	1.8	1.5
550	305	Castlefield 10p	480	+20	6.0	2.3	1.8
57	39½	Cons. Plants M$0.5	51	+1½	Q18c	2.2	7.2
9½	6	Grand Central 10p	6		—	—	—
912	628	Guthrie £1	725xd	+60	30.0	1.1	5.9
223	154	Harrisons Mly. Est. 10p	185		8.0	1.0	6.2
61	45½	Highlands M50c	55	+1	hQ15c	1.2	6.3
116	73	Kuala Kepong M$1	115	+1	Q25c	ϕ	4.3
58½	40	††Kulim M50c	55½	+1	Q12c	1.7	4.3
460	288	Ldn. Sumatra 10p	340	−40	8.0	3.3	3.4
130	41½	Malakoff M$1	126	+2	hQ10c	ϕ	1.5
66	49	Malay. Plants. M$1	63		Q18c	1.3	5.5
197	155	Rightwise 10p	160		—	—	—

TEAS

India and Bangladesh

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
318	225	Assam Dooars £1	225		6.0	0.4	3.8
250	198	Assam Frontier £1	198		10.0	2.3	7.2
470	347	Lawrie Plants £1	390	+5	18.5	2.9	6.8
380	278	McLeod Russel £1	295		15.0	1.0	7.3
330	265	Moran £1	270		8.0	0.8	4.2
263	180	Williamson £1	190		t8.33	1.8	6.3

Sri Lanka

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
400	305	Lunuva £1	375		†17.0	1.0	6.5

Africa

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
90	57	Ruo Estates	57		4.5	2.0	11.3

MINES

Central Rand

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
£22¼	642	Durban Deep R1	819	−38	Q460c	ϕ	32.1
*£17½	659	East Rand Prp. R1	819	−17	Q370c	ϕ	25.9
£46½	£23⅜	Randfont'n Est. R2	£25	−½	Q1100c	ϕ	25.2
432	119	West Rand R1	155	−1	Q17½c	ϕ	6.5

Eastern Rand

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
280	122	Bracken 90c	146	−4	Q84c	1.5	32.9
224	31	East Daggo R1	86xd		Q15c	ϕ	10.0
680	301	ERGO R0.50	377	−9	†Q110c	1.5	16.5
665	249	Grootvlei 25c	334	−5	Q204c	ϕ	34.9
[illegible]							

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35		Q2.5c	—	3.6
28	12	ACM 20c	16	−1	—	—	—
19	14	Argosy Gold NL 25c	16	−2	—	—	—
*199	46½	Bond Corp.	160	−5	Q7.5c	1.9	2.3
156	78	Bougainville 1 Kina	78	−1	Q26.5c	ϕ	26.9
*350	221	CRA 50c	232	−10	Q19c	ϕ	4.0
25	11½	Canada Northwest	18½		—	—	—
42	8	Carr Boyd 20c	20	−2	—	—	—
545	152½	Central Pacific	290	−13	—	—	—
36½	9¼	Cons. Gold Mns. N.L. 50c	35		—	—	—
47	17	Cultus Pacific N.L.	44	−2	—	—	—
52	20	Eagle Corp. 10c	30	−2	—	—	—
41	15¾	Endeavour 20c	38		—	—	—
600	175	G. M. Kalgoorlie 25c	330	−10	†Q13c	ϕ	0.4
46	13	Great Eastern	14		—	—	—
*275	117	Hampton Areas 10p	225		t2.5	2.4	1.6
*168	30	Haoma Gold N.L.	128		—	—	—
95	15	Intl. Mining	60	−3	—	—	—
390	11	Kitchener NL 25c	170	−20	—	—	—
120	65	Leichardt Expln.	85	−5	—	—	—
500	300	Meekatharra	380#		—	—	—
48	7	Metals Energy	21½		—	—	2.6
91	41	Metals Ex. 50c	52	+1	‡Q3c	2.9	2.9
39	8½	Metramar Mns. 20cts	25		—	—	—
284	150	M.I.M. Hldgs. 50c	197	−1	‡Q27.6c	1.7	‡
26	7	Minifields Expl. 25c	13½	−2	—	—	—
155	60	Mount Lyell 25c	84		†Q15c	1.7	8.8
28	15	Newmetal 20c	17		—	—	—
69	13	Nickelore N.L.	55	−3	—	—	—
214	137	North B. Hill 50c	150	−2	Q18c	3.1	6.0
*106	31	Nth. Kalgurli	57	−2	—	—	—
165	90	Nth. Mining Corp.	94	−1	—	—	—
*144	24	N. West Mining N.L.	80		—	—	—
*132	52	Oakbridge 50c	112	+1	†Q12c	1.1	5.2
200	70	Oilmin N. L.	140		—	—	—
240	128	Pacific Copper	170	−2	—	—	—
620	255	Pancont'l 25c	490	−20	—	—	—
78	42	Panora M&Ex 5p	47	−1	—	—	—
625	335	Peko-Wallsend 50c	415	−10	†Q17.5c	ϕ	2.1
230	85	Seltrust A.	100		—	—	—
206	57½	Southern Pacific	112	−3	—	—	—
100	31	Swan Resources 20c	57		—	—	—
34	8	West Coast 25c	15½		—	—	—
332	177	Westn. Mining 50c	244	+5	Q14c	1.6	2.8
45	10	Westmex	22		—	—	—
168	54	Whim Creek 20c	56		—	—	—
101	10½	York Resources	83	−2	—	—	—

Tins

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
25	10	Amal Nigeria 1p	12		‡‡6.0	—	—
370	255	Ayer Hitam $M1	285	+10	Q205c	1.0	13.9
72	42	Beralt Tin	67	+1	4.5	3.2	9.6
308	149½	Berjuntai $M1	270		Q85c	ϕ	6.3
230	135	Geevor	148	−2	‡8.4	1.9	‡
12½	8½	Gold & Base 12½p	8½		—	—	—
810	310	Gopeng Cons.	660		Z21.0	ϕ	4.5
450	280	Hongkong	415		‡35.87	ϕ	‡
145	90	Idris 10p	125		Z6.0	ϕ	6.9
15	12½	Jantar 12½p	14		1.5	ϕ	15.3
118	64	Kamunting $M0.50	98		‡Q80c	1.0	‡
600	150	Killinghall $M1	600xd		Q100c	ϕ	3.2
128	48½	Malay Dredging 10c	114#		‡hQ30c	0.9	6.4
43	26	Pahang	43	+1	0.44	0.3	1.5
120	83	Pengkalen 10p	100		3.5	ϕ	5.0
415	230	Petaling $M1	370		Q180c	ϕ	9.4
44	18	South Crofty 10p	21	+1	‡1.0	ϕ	‡
305	210	Sungei Besi $M1	215	+5	‡Q480c	1.1	‡
115	22½	Supreme Corp. $M1	115		gQ15½c	ϕ	2.6
125	90	Tanjong 15p	117		Z1.5	ϕ	1.9
115	78	Tongkah H. Tin $Sm	85		Q23%	0.4	5.4
480	220	Tronoh $M1	400		‡Q250c	0.7	‡

Copper

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
260	130	Messina R0.50	185		Q45c	4.7	13.9

Miscellaneous

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	155	+5	—	—	—
97	40	Baryman	44		—	—	—
17	12	Burma Mines 10p	15		0.62	1.1	6.0
445	53	Colby Res. Corp.	195	−20	—	—	—
502	200	Cons. Murch. 10c	200		†Q30c	1.8	8.6
180	75	††Hemerdon 10c	88	+1	—	—	—
225	36	Highwood Res.	170	+5	—	—	—
585	310	Northgate C$1	320	+5	—	—	—
*486	322	R.T.Z.	382	+2	t16.0	3.2	6.0
£115	£93½	Do. 9½% Cv. Ln. '95-2000	£95		Q9½%	—	f10.4
143	91	††SPO Minerals 10p	143		—	—	—
58	26	Sabina Inds. C$1	45		—	—	—
51	29	††SWCM 10p	34		—	—	—
650	411	Tara Exptn. $1	485		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✝ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	40	
Bertam	12	
Bdg'wtr. Est. 50p	555	
Craig & Rose £1	£11¼	
Fife Forge	42	
Finlay Pkg. 5p	21	
Graig Ship. £1	£21	
Higsons Brew.	70	
Holt (Jos) 25p	378	
I.O.M. Stm. £1	165xd	+3
Pearce (C. H.)	695	
Peel Mills	60	
Sheff. Refrshmt	95	
Sindall (Wm.)	135	

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£93⅝	
Nat. 9¾% 84/89	£75½	
Fin. 13% 97/02	£86¼	
Alliance Gas	58	
Arnott	225	
Carroll (P.J.)	81	+1
Concrete Prods.	90	
Heiton (Hldgs.)	30	
Ins. Corp.	395	
Irish Ropes	40	
Jacob	40	+2
T.M.G.	25	−1
Unidare	82	

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	28	Utd. Drapery	6½
BOC Intl.	9	"Imps"	7	Vickers	14
B.S.R.	4½	I.C.L.	9	Woolworths	5
Babcock	11	Inveresk	3	**Property**	
Barclays Bank	40	Ladbroke	24	Brit. Land	8
Beecham	15	Legal & Gen.	20	Cap. Counties	11
Blue Circle	30	Lex Service	9	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	20	"Lots"	4	Peachey	8
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	6½	Lucas Inds.	20	Town & City	2¾
Burton	10	"Mams"	20		
Cadburys	6	Mrks. & Spncr	9	**Oils**	
Courtaulds	6	Midland Bank	32	Brit. Petroleum	36
Debenhams	8	N.E.I.	7	Burmah Oil	19
Distillers	17	Nat. West. Bank	32	Charterhall	11
Dunlop	7½	P & O Dfd.	12	KCA	22
Eagle Star	22	Plessey	25	Premier	10
F.N.F.C.	3½	Racal Elect.	32	Shell	40
Gen. Accident	30	R.H.M.	4	Tricentrol	34
Gen. Electric	50	Rank Org.	16	Ultramar	46
Glaxo	22	Reed Intnl.	18		
Grand Met.	14	Sears	4½	**Mines**	
G.U.S. 'A'	48	Tesco	5½	Charter Cons.	28
Guardian	32	Thorn	28	Cons. Gold	45
G.K.N.	15	Trust Houses	18	Lonrho	10
Hawker Sidd	20	Tube Invest.	18	Rio T. Zinc	45
House of Fraser	15	Unilever	50		
		U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

FINANCIAL TIMES

Friday February 13 1981

Zimbabwe faces threat to stability

BY MICHAEL HOLMAN AND CHRIS SHERWELL IN BULAWAYO AND TONY HAWKINS IN SALISBURY

ZIMBABWE YESTERDAY faced the most serious threat to its stability since becoming independent in April, as Mr. Robert Mugabe the prime *minister,* ordered the country's air force into action against guerrillas loyal to his coalition partner. Mr. Joshua Nkomo.

The move followed five days of clashes around the country between rival factions in the 11,000 strong national army. The emergent army is being drawn equally from Mr. Mugabe's own Zimbabwe African National Liberation army (ZANLA) guerrillas and Mr. Nkomo's Zimbabwe People's Revolutionary Army (ZIPRA) forces who all gathered in special assembly places during *the* transition to independence last year.

It was unclear last night *whether Air Force Hawker* Hunter jets had been used to deter armed motorised units of ZIPRA trying to reach Bulawayo from their base almost 100 miles to the north-west.

The units had moved in support of their comrades fighting in the township of Entumbane, where the latest clashes have left scores of people dead and brought Zimbabwe's second largest city to a standstill.

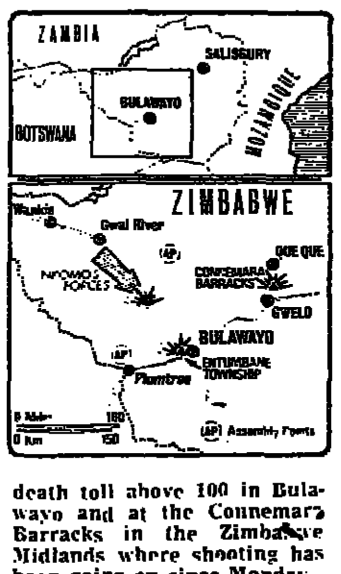
Mr. Mugabe's willingness to use the air force illustrates the gravity of the crisis facing him. The British-trained national army, on which hopes for stability have rested, has now virtually fallen apart, and the viability *of the government* of national unity—in which Mr. Nkomo and his supporters hold five posts in the 27-man cabinet—is open to doubt.

The government controlled media, and Mr. Mugabe himself, have laid blame for the fighting entirely on the shoulders of Mr. Nkomo's ZIPRA, while officials of Mr. *Nkomo's party blame* "divisive and provocative action" of senior members of Mr. Mugabe's party.

Mr. Mugabe spoke of "sinister undertones" and a "*definite* organised pattern among certain elements" in the ZIPRA army theoretically loyal to Mr. Nkomo.

Making his second emergency statement on the security situation in less than 24 hours, the Premier said ZIPRA elements had ignored the orders of their commanders and it had been necessary to call in both the air force and other army elements to crush the dissidents.

Unofficial estimates put the



death toll above 100 in Bulawayo and at the Connemara Barracks in the Zimbabwe Midlands where shooting has been going on since Monday.

Bulawayo is Mr. Nkomo's political stronghold. He draws the bulk of his support from the Ndebele tribe, which represents about 18 per cent of the country's 7m people.

Yesterday troops of the Rhodesian African Rifles directed heavy mortar fire on to the camps of the rival faction in Entumbane township. Hunter jets flew morning *sorties low over the township* area.

The troops were deployed in the township and manned a roadblock on the main highway into the area. Thousands of civilians streamed out of the embattled township yesterday to take refuge in the safety of the town centre and outlying suburbs. Entumbane was the scene last November of violent clashes between the rival army factions which left over 55 people dead.

THE LEX COLUMN

Tough time for Imps in food

Imperial Group has confounded the sceptics not only by maintaining its dividend — which was never in serious doubt—but by proclaiming that it is covered on a current cost basis. On the way to this conclusion it has adopted a few accounting changes — Molins is now an associate, and sales of *pub properties have become* a trading item — while part of the lumpy increase in the 1980 tax charge, which relates to unrecoverable ACT, has been pushed back to 1979 for current cost purposes. Still, this is all fighting stuff, and the shares, as low as 71p recently, closed up a penny at 80p where the yield is 13.7 per cent.

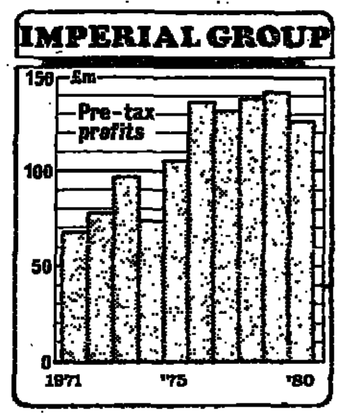
Historical cost profits emerge at £126.9m, against a re-stated £142.3m, for the year to October: on the old accounting basis they would have been some £4½m lower, while Howard Johnson *has contributed around* £2m after skilfully restricted financing costs. Below the line, £36m of closure costs are more than offset by the profit on the sale of Imperial's Mardon stake to BAT.

Trading profits of the tobacco division fell from £49.6m in the first half to £30.8m in the second as a result of *a fierce price war, from which* Imps has emerged with a higher share of the UK market — it now claims 54½ per cent, against 48 per cent at one stage last year. It has just followed Rothmans in raising cigarette prices but there is an obvious danger that hostilities will erupt again if consumption falls steeply as the result of a heavy *duty* increase in the Budget. Imps may also be running out of dead cigarette coupons to write back into profits.

The group is still having a diabolical time in the food business where it made only £10m pre-tax on sales of £1.17bn, largely because of the problems of the "world's largest integrated poultry operation." Courage profits are slightly up in underlying terms, and although its margins are still poor compared with those of the other leading brewers, this is a fair performance in what has been a year of falling volume.

It is hard to imagine Imps' profits moving off their downward-tilting plateau this year, although in the medium term there is, as for so long, tremendous scope for improvement. The balance sheet is stronger than the quoted ratio of 78 per cent for debt: *tangible net worth (after a* $206m revaluation of Hojo) might suggest, since Imps' £265m portfolio investments are to a large extent an offset for its borrowings.

Index rose 3.7 to 490.0



In the past few years, as Imps has swapped its gilt-edged *stocks for physical assets, the* yield on its shares has risen more and more to that of a long-dated gilt. There is still awfully little to dispel the accumulated disappointment that this rating represents.

Dowty

Dowty has managed to contain *the inevitable decline in its* mining equipment business, while moving ahead rapidly on the aerospace front (even adjusting for the strike-hit results of a year ago). Interim pre-tax profits have risen by a tenth to £19.1m and the share price, which has languished recently, rebounded 21p yesterday to 214p, partly no doubt because of the boost to the dividend. The prospective yield, however, is still only a bare 3.3 per cent, underlining the high growth expectations for the company, though current cost cover is as good as 2½ times.

The key to the future is aerospace, where underlying volume has risen by about a tenth in *the half year and trading mar*gins have improved, partly due to the Tornado programme moving up to peak production over the period. Meanwhile the high order book at the year end has been maintained, and it seems that the scaling down of projected civil programmes will leave Dowty unscathed, since its main problem is shortage of capacity. Export demand for the Tornado may well emerge soon, while India has increased its order for Jaguar jets to 106. Furthermore, with President *Reagan in the White House,* there is a strong chance that the U.S. AV-8B Harrier programme will go ahead, with the commencement of deliveries in

Now that the Chinese mining order is out of the way, Dowty's mining division is perhaps 75 per cent dependent on the NCB. Volume here is down a fifth, but profits are only a third lower, establishing that Dowty's policy of contracting out should protect margins to some extent, even though the NCB cutback may be as high as 40 per cent next year. *Elsewhere, the indus*trial division is having a difficult time, although the railway marshalling business should begin to produce worthwhile profits next year. The pre-tax outturn in the current year may be in the region of £39m, against £37.9m, although the proposed change in the stock relief rules may push up the tax charge to £10m, against £3.2m last year.

Rank Organisation

Yesterday the Rank Organisation advertised for a corporate planning manager, and all applicants will clearly need to get hold of a copy of the group's annual report which conveniently is published this morning. No doubt they will be required to impress ideas at interview if they are to stand a chance of heading up Rank's corporate business planning function. What will they make of Rank as it stands now?

The annual report reveals a group worth (with the shares at 164p) some £330m in the *stock market. It is dominated by* a minority trade investment in Rank Xerox valued in the books at £216m and probably worth more (for at this price the dividend yield is close to 15 per cent gross). There is also investment property valued at £156m.

For the rest, there is a variety of mostly leisure and industrial interests with gross assets of something like £350m, against which there is a substantial total of debt which rose from a net £177m to £188m last year if all the working capital items (including acceptance credits) are totted up. The gearing is by no means high, but the returns on these trading assets are so low (about 8 per cent last year) that interest payments are a heavy burden. The long term record of management is far from impressive, though loss elimination is forecast to generate some improvement in the current year.

In the circumstances, the bright would-be planner might well conclude that Rank needs to turn its substantial assets *more directly to the benefit of* shareholders—perhaps through a major restructing. Whether such views would be likely to get him the job could, however, be another matter.

Euro-loan margins up for Brazil

BY FRANCIS GHILES

BRAZIL, which has the largest *foreign currency debt in the* world, is having to pay more for the loans it raises in the Euromarkets. Evidence of this emerged with the first mandate awarded this year by a Brazilian state borrower.

The mandate is from Companhia Vale do Rio Doce, the Government mining and steel concern, for Morgan Guaranty *Trust Company to raise $300m* (£130m).

A choice

Banks have the option of a 2½ per cent margin over the London interbank rate (Libor) or a 2 per cent margin over the U.S. prime rate for eight years.

Such margins compare with a choice of 2 per cent over the Libor rate or 2 per cent over U.S. prime paid by Itaipu Binacional, the concern involved in Brazil's major dam project, *when it raised a $200m Euro*loan last autumn.

Commercial

Other banks participating in the new loan alongside the lead manager include Citicorp, Chase Manhattan and Bankers Trust. Brazil needs to borrow between $12bn and $13bn from commer*cial banks in 1981 to cover its* needs for new money and interest payments.

Money markets, Page 26

Talbot UK workers vote to act against closure

BY PHILIP BASSETT, LABOUR STAFF

WORKERS AT Talbot UK's *Linwood car plant, which the* company announced this week it wished to close with the loss of all 4,800 jobs, yesterday voted to support their shop stewards' campaign to try to save the factory.

Industrial action as a means of preventing the closure will not, however, be taken, until the plant's disputes procedure has *been exhausted, shop stewards* said, or unless the company took "provocative" steps.

In France, Peugeot S.A., Talbot's parent group, which is expected to incur net losses for 1980 in excess of FFr 2.1bn (£181m), said that two of its main subsidiaries were deeply in the red.

At the Scottish plant, a mass meeting gave its support to the stewards' campaign, launched last week. Mr. Jimmy Livingstone, Transport and General Workers' Union convenor, said *that while action would not be* taken immediately, any attempt by the company to move plant or machinery out of the factory could provoke it.

He warned workers at Talbot's Ryton plant, near Coventry, that he believed it was only a *matter of time before they* found themselves in the same position as those at Linwood, which is to stop production in June before a final closure by the end of the year.

He said the company's decision to maintain production at Ryton was only a tactic to counter any action by unions to black the imports into Britain of Peugeot or Citroën cars. However, Mr. George Turnbull, Talbot's managing director, said that while he could not guarantee jobs at Ryton he was *supporting the plant.*

Mr Turnbull warned against disruptive action to prevent Linwood's closure, and said that animosity towards the French *parent company was* "completely unfounded."

The Prime Minister yesterday dashed the hopes of Scottish MPs that the Japanese Nissan company might be persuaded to build its projected plant at the Linwood site. Mrs. Thatcher told the Commons that Nissan wanted a greenfield site and there was no possibility of dissuading it from that.

Miners Continued from Page 1

wingers, who addressed a rally of 350 miners from all parts of Britain shortly after the executive decision. They said a point of no return had been reached and a confrontation with the Government over jobs was in*evitable.*

They expect to draw the support of railwaymen, dockers, seamen and others if industrial action begins, and even to turn the campaign into a re-enactment of the 1974 defeat of the last Conservative Government.

A special meeting of the NUM executive—whose unanimity yesterday was almost unprecedented—has been called for next Thursday when the decision will be made whether to hold the strike ballot.

Mr. Joe Gormley, NUM president, said he expected to get *an 85 per cent vote in favour* of action. "I can only warn the Government: 'Don't make the same mistake as when we had the same fracas with Ted (Heath).' I am not starting off on the basis that we will be forced into a strike, but that the Government will be forced to see the sense of our arguments."

Interest Continued from Page 1

many's own economic difficulties and problems in financing its current account deficit. While West German interest rates are low by international standards —a discount rate of 7.5 per cent and a Lombard rate of 9.0 per cent—they are historically high.

The nominal rates have, however, proved insufficient to attract private capital imports to finance the current account *deficit, which totalled DM 28bn* (£5.6bn) last year. But the rates are also widely seen as so high as to act as a brake on the domestic economy, bringing social and political tensions particularly in the last few months.

The Bundesbank has recently tried to avoid raising the politically sensitive discount and Lombard rates further. Lombard is the rate at which the Bundesbank lends to the banks against securities. But it could be forced to do so if high nominal rates in the U.S. attract more capital from West Germany and further weaken the D-Mark.

Bonn hoped the French might feel able to drop their interest rates and thus lessen tension in the European monetary system where the French franc has been strong and the Deutsche Mark weak.

Polish Premier seeks 90 days' calm

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S new Prime Minister, *General Wojciech Jaruzelski,* opened his term with a warning that the country faces "chaos and fraternal strife" and an appeal to members of Solidarity, the independent union, to stop all strikes.

In his first speech to Parliament in his new role, he appealed for "90 days of calm for three hard-working months," because the Government *could* not carry out its responsibilities with "the strike-pistol at its head."

Gen. Jaruzelski said that in this period the Government would be able to work out a programme of reforms and economic stabilisation. The period would be one of "wide-ranging social dialogue in a *relaxed atmosphere.*"

He did, however, stress that *the Government would act* against "unacceptable pressure" and combat anti-Socialist behaviour. "The law must be respected and order maintained in factories and streets," he said.

He said he would set up a committee for relations with the trades unions, headed by a Deputy Prime Minister.

A meeting of the Solidarity national committee in Gdansk yesterday did not comment on Gen. Jaruzelski's appeal. But it was clear the union leadership is intent on working for a period of calm on the industrial front.

Mr. Lech Walesa, the union leader, did not rule out strikes, however, if the union was *attacked.*

The national committee *yesterday elected a 10-man* steering group which will stay in Gdansk until the next full meeting next Wednesday. The group is empowered to take a decision on union policy and to talk to the Government if the need should arise.

The union leadership evidently expects more grass-roots industrial action in the near future and it wants to be in a position to defuse any crisis quickly.

In a conciliatory gesture from Solidarity, printers decided not to proceed with their one-day protest strike planned for today. The strike would have been against the Government's delay in putting forward a new draft *law limiting censorship and* rectifying insufficient access to *the media for union members.*

In his speech Gen. Jaruzelski reaffirmed authority's commitment to economic reform and said that the necessary laws would be presented to Parliament in the next four months.

He was, however, less precise in the censorship law. This, he said, required "great precision in drafting." He did not specify when it would be introduced.

Gen. Jaruzelski said Mr. Mieczyslaw Jagielski his deputy, would be chairman of a newly-formed economics committee in the Government. It can be assumed that day-to-day economic decision-making in the Government will shift to this body.

Soviet manoeuvres, Page 2

Fishermen end protest over cheap imports

BY MARGARET VAN HATTEM

BRITISH FISHEMEN abandoned their protest against cheap fish imports and went back to sea yesterday after an assurance by the Government that the problem was receiving top-level attention in Brussels. However, the statement by Mr. Peter Walker, the Agriculture Minister, was greeted with scepticism and derision in the House of Commons.

Mr. Walker said the new Fisheries Commission in Brussels had promised to deal with the question of cheap imports urgently. He said the EEC *system of reference prices,* designed to keep out cheap imports from non-EEC countries, was not working effectively.

"We have obtained a firm undertaking from the Commissioner that he will urgently examine the problem in order *to make the system more effective,*" Mr. Walker said. He hoped the proposals to reform the system would be produced quickly.

But there were murmurs of agreement as Mr. Alan Beith (Lib. Berwick-upon-Tweed) said promises of urgent consideration have been given all too often. He asked what action the Government would take immediately.

Mr. Walker said a new committee of fishing industry representatives and Government officials would examine allega*tions of illegal and unfair im*ports.

No suggestion was made that any action would result directly from the committee's deliberations, and the move is seen as something of a face-saver for the fishermen, whose were *believed ready to abandon their* expensive protest.

Several Tory back-benchers pressed the Minister to ensure that inshore fishermen would be adequately represented on the committee, while members on both sides of the House wanted a promise that no deals would be made with the French or Germans to link fishing with farm prices or Britain's budget rebate.

However, Mr. Walker was warmly congratulated all round on having made no concession at the EEC fisheries council *meeting this week.*

Richard Mooney writes: Mr. David Aitchison, director general of the Scottish Fishermen's Federation, welcomed the proposal to investigate cut-price fish imports. "This is just what the industry has been seeking *all along,*" he said.

Along with the return to work at Aberdeen and Edinburgh, most fishermen at the east coast ports of Scarborough, Bridlington, North Shields and Whitby returned to sea yesterday. Cornish inshore men would have sailed too but for gale force winds. Some skippers, however, were waiting for full details from Brussels of Mr. Walker's plans. Fishermen at Fleetwood said they were returning to sea.

The strike was the culmination of growing anger at cheap *imports from the Continent* which forced down quayside prices. Fishermen blame illegal subsidies by other EEC Governments.

Heads of state invited, Page 29

France and Egypt sign nuclear aid protocol

BY ROBERT MAUTHNER IN PARIS

FRANCE IS expected to supply Egypt with two nuclear power-stations worth about £870m, under a nuclear co-operation protocol signed by the two countries in Paris last night.

The protocol also provides for France to supply the nuclear *fuel to the power-stations and* for French technical assistance.

It was signed by M. Jean François-Poncet, the French Foreign Minister, and Mr *Kamal Hassan Ali, his Egyptian* counterpart.

M. François-Poncet said after the ceremony that the protocol expressed Egypt's intention to *buy nuclear power-stations from* France but that details had to be worked out.

Negotiations on the detailed contract are due to open immediately and, according to Egyptian officials, will probably be concluded by the end of March.

Mr. Ali told his French counterpart that Egypt intended *to sign the nuclear non-prolifera*tion treaty in the next week, clearing the way for detailed negotiations on the contract.

France has not signed the treaty *itself, but it requires* other countries purchasing French nuclear reactors and technology to adhere to the pact.

The Egyptian Foreign Minister said the agreement with France was part of Egypt's long-term programme for the use of nuclear energy for peaceful purposes. The Egyptian Government intended to build eight nuclear power-stations of 1,000 megawatts each by the end of the century.

The two power-stations to be supplied by France will be of *the Pressurised Water Reactor* (PWR) type. This has so far been built in France by Framatome, under licence from Westinghouse of the U.S.

The licensing arrangements were terminated under an agreement signed by the French and U.S. Governments last month, giving the French company freedom to export its reactors without prior U.S. authorisation.

Weather

UK TODAY

Cold, cloudy. Dry with sunny periods. Max. temp. 8C (46F).

N. Wales, N.W. England, I.o.M., S.W. Scotland
Bright intervals. Drizzle on coasts.

Argyll, N.E. and N.W. Scotland, Orkney, Shetland, N. Ireland
Rain. Sunny periods later

Outlook: Dry and cold. Sunny intervals. Overnight frost, *freezing fog patches.*

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	12	54	London	C	6	43
Algiers	F	13	55	L. Ang.†	F	13	55
Amsdm.	F	3	37	Luxmbg.	F	−1	30
Athens	S	16	61	Luxor	S	23	73
Bahrain	S	18	64	Madrid	C	2	36
Barclna.	C	7	45	*Majorca*	F	10	50
Beirut	C	16	61	Malaga	C	11	52
Belfast	C	9	48	Malta	F	15	59
Belgrd.	C	1	34	M'chstr	C	5	41
Berlin	C	0	32	Melbne.	S	27	81
Biarritz	S	7	45	Mx. C.†		—	—
Bmghm.	C	5	41	Miami†	C	18	64
Blackpl	R	5	41	Milan	S	6	43
Bordx.	S	5	41	Montrl.†	F	−15	5
Boulgn.	F	5	41	Moscow	Sn	−5	23
Bristol	C	6	43	Naples	F	11	52
Brussels	S	5	41	Nwcstl.	C	3	37
Budpst.	S	3	37	N. York†		—	—
Cairo	S	18	64	Nice	C	10	50
Cardiff	C	6	43	Nicosia	C	6	43
Cas'b'ca	C	14	57	Oporto	S	9	48
Chicg.†	C	−22	−8	Oslo	S	−3	27
Cologne	S	1	34	Paris	S	5	41
Cpnhgn.	F	−1	30	Perth	C	19	66
Corfu	C	14	57	Prague	F	0	32
Denver†	F	2	36	Reykjvk.	Sn	0	32
Dublin	C	9	48	Rhodes	F	17	63
Dbrvnk	C	10	50	Rio J'o		—	—
Ednbgh.	C	8	46	Rome	R	12	54
Faro	S	13	55	Salzbrg	Sn	−1	30
Frankft	Sn	2	36	S. F'cisc.†	C	10	50
Funchal	S	15	59	S'tiago†		—	—
Geneva	S	1	34	Stckhm	C	−2	28
Gibraltar	C	15	59	Strasbg.	C	1	34
Glasgow	R	7	45	Sydney	R	22	72
G'rnsey	F	5	41	*Tangier*	F	13	55
Helsinki	F	−6	21	Tel Aviv	C	16	61
H. Kong	C	20	68	Tenerife	F	11	52
Innsbrk	Sn	0	32	Tokyo	F	10	50
Invrnss.	F	8	46	T'ronto†	S	−17	1
I.o.Man	R	8	46	Tunis	F	15	59
Istanbul	F	13	55	Valencia	C	8	46
Jersey	F	4	39	Venice	C	6	43
Jo'burg	F	24	75	Vienna	S	2	36
L. Plms.	R	16	61	Warsaw	C	−1	30
Lisbon	S	8	46	Zurich	F	−1	30
Locarno	S	5	41				

C—Cloudy F—Fair. R—Rain S—Sunny. Sn—Snow
† *Noon GMT temperatures*

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